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# USSR Report

TRADE AND SERVICES

No. 1195

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## INTERNATIONAL ECONOMIC RELATIONS

### CURRENT FINANCIAL AND CREDIT RELATIONS OF CEMA COUNTRIES

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 3, 1979 pp 20-25

[Article by Vasilii Garbuzov, USSR minister of finance and chairman of the Standing CEMA Commission on Currency and Financial Affairs: "Improving Financial and Credit Relations"]

[Text] The establishment and development of financial and credit relations between the fraternal socialist countries are indissolubly connected with the Council for Mutual Economic Assistance, the 30th anniversary of which is being commemorated this year. Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee and chairman of the Presidium of the USSR Supreme Soviet, has described the activities of CEMA as "a unique experiment in egalitarian cooperation by a large group of countries, a harmonious combination of their national and international interests, and the practical implementation of the principles of socialist internationalism."

Up to the second half of the 1960's, relations between CEMA countries were based on a clearing system of transactions and crediting. This was accomplished in line with bilateral ties and was mainly used for foreign trade operations. Operations were conducted on a cash-free basis through the mutual satisfaction of reciprocal demands and obligations with trade shipments.

During this particular stage in history, the system played a positive role. It contributed to the planned development of commodity turnover, did not require any expenditures of gold currency reserves for the payment of debts and protected the foreign trade of the socialist countries against fluctuations in the capitalist commodity and money markets.

The intensification of international socialist division of labor and inter-governmental production specialization and cooperation and the development of national economic plan coordination gave rise to an objective need for a better system of financial and credit relations.

The task consisted in serving rapidly growing mutual economic ties more effectively, and not only in the sphere of reciprocal product shipments, but also in physical production, science and technology. This need was pointed out in 1962 by speakers at a conference of representatives of the communist and workers parties and governments of the CEMA countries.

In 1963 a special agency was formed as part of the Council for Mutual Economic Assistance--the Standing CEMA Commission on Currency and Financial Affairs. The commission was expected to aid in the further development of multilateral economic and technological cooperation between CEMA countries.

The commission played an important role in the creation of the collective currency of the CEMA countries--the transferable ruble, in the organization of a multilateral system of transactions using this currency and, for this purpose, in the establishment of the International Bank for Economic Cooperation (IBEC).

This laid a solid foundation for the international currency and financial system of the CEMA countries--a system of a fundamentally new socialist type. It is based on the consistent implementation of the Leninist principles of socialist internationalism, respect for state sovereignty, independence and national interests, nonintervention in the internal affairs of countries, complete equality, mutual advantage and comradely mutual assistance.

The chief link of the system is not the national currency of any particular state, but a common collective currency, to which all of the countries (regardless of the size of their investment in IBEC capital, have equal rights. This system was an important result of the development of mutual economic cooperation by the CEMA countries and one of their great achievements of tremendous political, as well as economic, significance. The accuracy of this conclusion has been confirmed by experience, and this, as V. I. Lenin said, "is more important than all of the theoretical discussions on earth."

The IBEC began its operations on 1 January 1964 and has become a prestigious center of international transactions and the short-term and medium-term crediting of commodity turnover. Today the members of the bank are Bulgaria, Hungary, Vietnam, the GDR, Cuba, Mongolia, Poland, Romania, the Soviet Union and Czechoslovakia. It is actively promoting the development of the national economies and the growth of the economic ties of nations in the socialist community with other states, including ties involving operations in convertible currency.

Bank activities have developed dynamically from year to year and from one 5-year period to the next, which is apparent from the data in Table 1.

Table 1

Basic Economic Indicators of IBEC Activity for 1964-1978  
(In Billions of Transferable Rubles)

	1964-1968	1969-1973	1974-1978
Mutual transactions of IBEC members in transferable rubles <sup>1</sup>	25.4	39.5	80.5
Total credit in transferable rubles <sup>1</sup>	1.7	2.7	4.8
Net profit of IBEC (in millions of transferable rubles) <sup>1</sup>	1.0	10.9	26.5

1. Average annual volume for this period.

In 1978 the total mutual transactions of bank members reached 106 billion transferable rubles, which was 4.6 times as great as in 1964, when the bank began its operations. The volume of extended credit rose from 1.5 billion transferable rubles in 1964 to 5.7 billion in 1978--that is, a 3.8-fold rise.

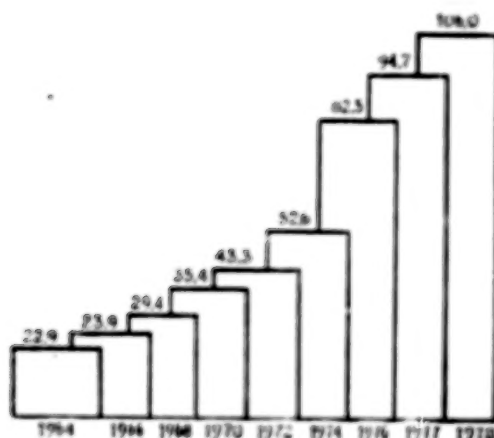
In accordance with the specific objectives of the current stage of economic and technological cooperation within the CEMA framework, the sphere of application of the transferable rubles is gradually being broadened. With its assistance, these countries can smoothly conduct all types of mutual transactions and payments without resorting to the use of the dollar and other capitalist currencies.

This guarantees that monetary circulation in the international socialist market will be independent of crises and upheavals in the capitalist world, which is characterized by such severe socioeconomic consequences as production cuts, rising unemployment and escalating inflation. Against the background of the incurable defects of the exploitative order, the advantages of the international socialist currency and financial system of the CEMA countries are particularly obvious. "At this time of increasingly severe crisis in the very foundations of the capitalist world's currency system," Comrade A. N. Kosygin, chairman of the USSR Council of Ministers, said at the 31st meeting of the CEMA session, "the advantages of the socialist organization of international transactions, created throughout our concerted efforts, are cogently revealed."

For the CEMA countries, this is an anniversary year for two reasons. It is not only the year marking the 30th anniversary of the Council for Mutual Economic Assistance, but also the 10th anniversary of the 23d (special) meeting of the CEMA session, which was held on the summit level in April 1969 and resolved to draw up the Comprehensive Program for the Further Improvement and Intensification of Cooperation and the Development of Socialist Economic Integration.

Providing strong impetus for the growth of mutually beneficial and highly effective ties between the CEMA countries in general, the session also marked the beginning of a qualitatively new stage in the development of currency and financial relations between these countries. The session stipulated that these relations would have to play an increasingly active role in the resolution of problems facing the fraternal countries. It was judged expedient, in particular, to augment the role of the collective currency even more, to broaden its sphere of application, to institute measures to improve the system of crediting through the IBEC and to carry out several other measures.

Volume of IBEC Mutual Transactions  
(In Billions of Transferable Rubles)



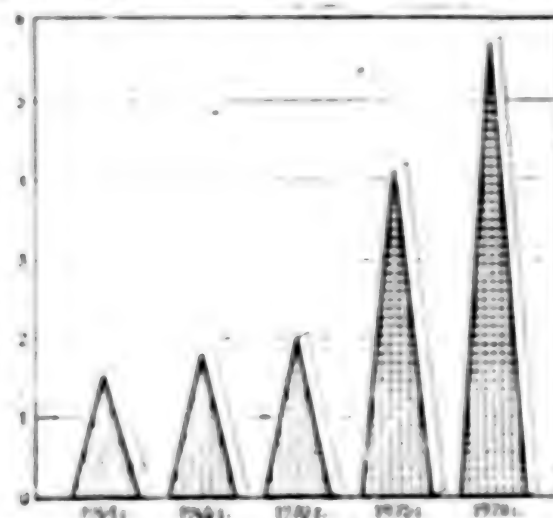
The session felt it was necessary to establish the International Investment Bank (IIB) to promote the higher concentration of resources for capital construction and coordinate the use of these resources. A decision was made to assign this bank the function of extending long-term and medium-term credit for carrying measures connected with international socialist division of labor, production specialization and cooperation, the expansion of the raw material and fuel base in the collective interest, the financing of construction projects in other branches of the economy of mutual interest, the financing of projects to promote national economic development and so forth.

This order issued by the leaders of communist and workers parties had already been carried out by 1970. At the 24th CEMA session, the Agreement on the Establishment of an International Investment Bank and the Bank Charter, drafted by the Standing CEMA Commission on Currency and Financial Affairs, were approved. The IIB began operating on 1 January 1971. Within a relatively short period of time (1971-1978), it financed 61 projects in the CEMA countries and Yugoslavia. The volume of credit extended exceeded 3 billion transferable rubles. The estimated value of the facilities constructed now exceeds 8 billion transferable rubles.



# Volume of Transferable Rubles, Extended by the IBEC to Banks in Member Nations

In billions of transferable rubles



Bank credit is used for construction and remodeling operations envisaged in the Coordinated Plan for Multilateral Integration Measures, as well as agreements on production specialization and cooperation and other economic agreements. The credit is used in many leading national economic branches of the CEMA countries--branches on which scientific and technical progress depends. A large share is accounted for by enterprises of power engineering and the fuel industry, representing almost 80 percent.

The IIB has been actively involved in the largest integrative construction project--the Soyuz gasline, which was part of the Coordinated Plan for Multilateral Integration Measures in 1976-1980. Funds allocated by this bank were also used for the construction and remodeling of such widely known enterprises as the Tatra Motor Vehicle Plant in the CSSR, the Ikarus Bus Plant and various facilities for the comprehensive development of the aluminum industry in Hungary, the Umformtechnik Combine for the production of heavy pressing equipment and the Fortschritt Agricultural Machinery Combine in the GDR, the Polmo Motorizing Equipment Plant and Metalkhem Chemical Equipment Plant in Poland, a plant for the production of bearings in Bulgaria, a wool-washing factory in Mongolia, a mining and metallurgical enterprise in the USSR, an isoprene rubber plant in Romania and many other projects.

As experience has shown, IIB activities have promoted an increase in production output at new and existing enterprises, increased exports of these products in the CEMA countries and other nations and the saturation of the international socialist market with machines, equipment, materials and other commodities needed by the fraternal countries.

In all, 38 projects have been completed since the IIB began operating. All of them are producing high-quality goods and have high indicators of economic effectiveness. The total volume of exports of these products in the bank's

member nations during 1972-1978 amounted to around 4 billion transferable rubles. These products were trucks and buses, railroad cars, presses and pressing equipment, agricultural machines, isoprene rubber, fabric and other commodities.

As a result of the implementation of the Comprehensive Program, the international socialist currency and financial system now essentially serves all spheres of mutual cooperation--physical production, science, technology, foreign trade, cultural and scientific exchange and tourism.

Proposals have been worked out to aid in the resolution of currency, financial and credit problems connected with the joint construction and operation of facilities and the expansion of technological cooperation. Regulations have been adopted on transactions connected with cooperation in scientific research, on the financing and accounting of intergovernmental and international economic organizations in the concerned CEMA nations, etc.

Measures have been instituted to aid in the further mutual relaxation of currency restrictions for citizens in the exchange and transfer of national currency. Citizens are now provided with better currency services when they travel from one country to another. More favorable conditions have been created for the development of cultural and scientific exchange and international tourism.

In its work on these and other measures, the standing commission proceeded from the need to promote the fulfillment of mutual obligations and to provide timely and uninterrupted financial security for joint large-scale projects.

This is a particularly significant matter at present, now that the agenda calls for the implementation of long-range special programs in the areas of energy, fuel and raw materials, agriculture and the food industry, and machine building, approved in June 1978 at the 32d CEMA session. The 33d session will consider the drafts of two more long-range programs: in the production of consumer goods and the development of transport lines. All of these programs have been drawn up in accordance with the decisions of the communist and workers parties in the CEMA countries and represent a new and important step in carrying out the Comprehensive Program.

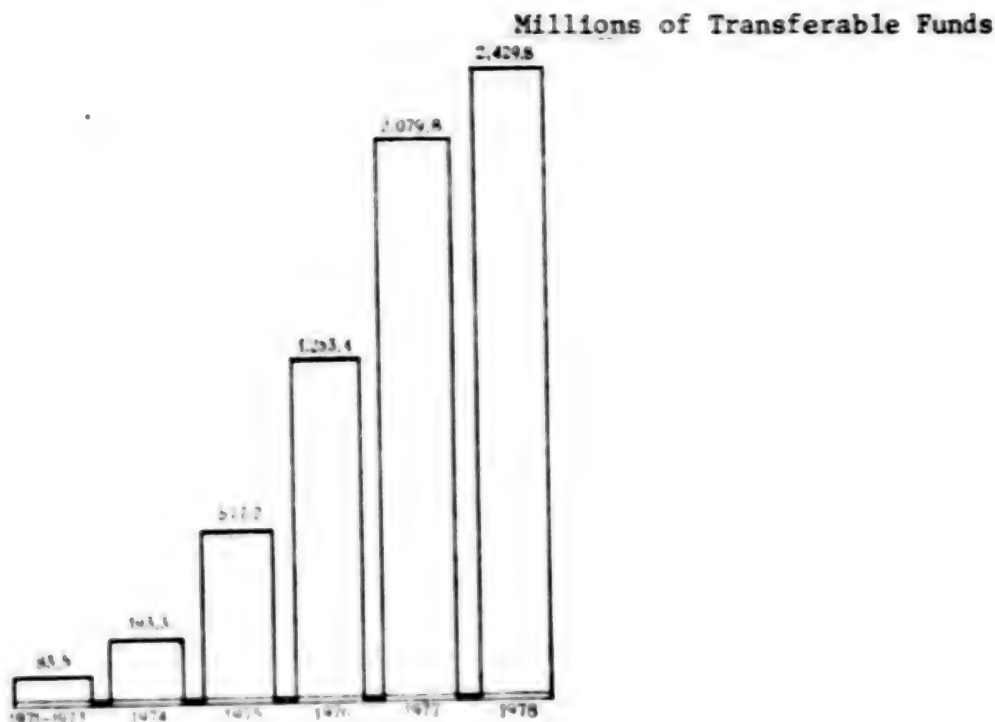
The completion of the large-scale projects envisaged in the special program covering the period up to 1990 will require considerable resources. They must be mobilized with the aid of national and international socialist currency and credit systems. The commission must now focus its attention on this matter.

Some steps have already been taken in this direction. In the International Investment Bank, for example, in connection with its planned participation in the financing of some projects envisaged in long-range special programs, particularly those which are to be included in the Coordinated Plan for Multilateral Integration Measures During 1981-1985, preparations are being



made for the creation of special funds, mainly in transferable rubles, consisting of resources contributed by interested nations for the crediting of joint construction projects. The existence of these funds could promote the further concentration of the resources of participating countries in the bank, and this would be consistent with the goals and objectives of the Comprehensive Program.

**Dynamics**  
**Credit Extended by International Investment Bank in 1971-1978**  
**Running Total**



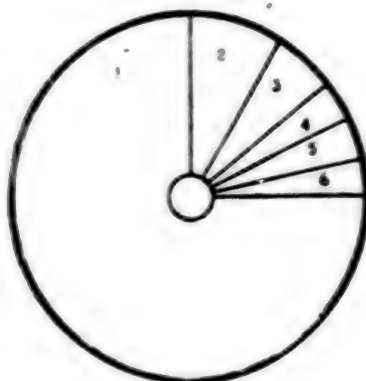
Measures are being taken for the further improvement of IBEC activities, so that it can provide even more effective assistance in the development of socialist economic integration and the implementation of long-range special cooperative programs. Projected measures include improvement in the planning of credit in transferable rubles, the augmentation of the economic role of interest rates on this credit and borrowed funds, the institution of more effective multilateral transactions in the collective currency to ensure their smooth accomplishment under the conditions of expanded commodity turnover, and the more intensive promotion of the gradual convergence and equalization of economic developmental levels in the CEMA countries, including the use of preferential terms for credit in transferable rubles.

For us, the 30th anniversary of CEMA and the 10th anniversary of the 23d (special) council session represent an important holiday. But, in L. I. Brezhnev's words, "the holiday will not suffer if we also mention shortcomings and unsolved problems. This is, after all, the communist business

style." Problems in the commercial reinforcement of some assets in transferable rubles are not always efficiently solved as yet. The IIB's borrowers sometimes have difficulty in obtaining the necessary shipments of machines, equipment and materials for the construction projects they intend to finance with bank credit.

Distribution of Credit Extended by International Investment Bank  
in 1971-1978, Broken Down by National Economic Branches  
of Member Nations

In percentage of total



1. Fuel and power engineering	78.4
2. Machine building	9.2
3. Metallurgical industry	6.2
4. Chemical industry	2.0
5. Light industry, food industry and other branches	2.7
6. Transportation	1.5
Total	100.0

Shortcomings of this kind can be completely eradicated. A reliable way of doing this consists in the further reinforcement of the planned bases of economic cooperation. In particular, it is important that the IIB take a more active part in the coordination of national economic plans. In this case, reference is made to the plan for 1981-1985. The particular construction projects that should be carried out in the coming 5 years with IIB credit should be determined through the combined efforts of the bank, the proper agencies of the Council for Mutual Economic Assistance and the planning, foreign trade, financial and banking agencies in the nations concerned.

As we know, in accordance with the fundamental aims of the central committees of the communist and workers parties and governments of member nations, all council agencies are now assigning priority to the resolution of major problems in the sphere of physical production. Above all, this applies to

measures connected with the implementation of the Comprehensive Program and the long-range special cooperative programs, the further reinforcement of planning bases and more effective, efficient and coordinated activity on the part of CEMA agencies and international organizations in the CEMA countries.

At the 35th meeting of the Standing CEMA Commission on Currency and Financial Affairs, the commission's current objectives were discussed, as well as the need to implement the resolutions of the 32d CEMA session and council Executive Committee. Specific measures were discussed and approved to promote further improvement in the activities of the commission and multilateral ties in this field. They are aimed at constant augmentation of the role of the transferable ruble and the expansion of its sphere of application; the improvement of currency, financial and credit instruments in the implementation of measures in the economic, scientific and technical spheres and, above all, in connection with the implementation of long-range special programs; the exchange of experience and the establishment of broader contacts in regard to key problems which must be solved before the financial and credit mechanism can heighten production efficiency to the maximum.

In the future, consultations will be held to discuss measures planned for this 5-year period in the CEMA countries in connection with national financial and credit systems, so that these nations will be able, at their own discretion, to take their results into consideration when basic guidelines for national economic development are being determined. Projected guidelines call for improvement in the planning work of the commission, the coordination of its activities with other CEMA agencies and the more extensive use of financial research institutes in the CEMA countries for the preparation of research projects of a long-range nature, which will require lengthy investigation and scientific substantiation.

All of this will provide for the more purposeful improvement of multilateral transactions, the augmentation of the role of the collective currency, the expansion of its sphere of application and the improvement of the international socialist credit mechanism.

Our joint work and its practical results must now be evaluated from the standpoint of the fundamental premises agreed upon during the summer 1978 meeting of Comrade L. I. Brezhnev, general secretary of the CPSU Central Committee and chairman of the Presidium of the USSR Supreme Soviet, with the leaders of fraternal parties and states. The agreement concluded in the Crimea will provide new impetus for action in the near and more distant future, promote the more effective economic development of each CEMA country and strengthen the socialist community as a whole. The growing currency and financial cooperation within the CEMA framework must play its role in this process.

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## INTERNATIONAL ECONOMIC RELATIONS

### RESULTS OF CEMA ACTIVITY IN 1978

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 3, 1979 pp 35-40

[Report prepared by Economic Information Division of the CEMA Secretariat: "Information on the Chief Results of the Activities of the Council for Mutual Economic Assistance in 1978"]

[Text] One important event in the activities of the Council for Mutual Economic Assistance in 1978 was the 32d meeting of the council session, when the Socialist Republic of Vietnam was unanimously accepted for membership in CEMA and long-range special programs for cooperation were approved in the areas of energy, fuel and raw materials, agriculture and the food industry, and machine building, covering the period up to 1990.

These programs were drawn up in accordance with the decisions of the communist and workers parties in the CEMA countries and represent a new and sizable step in carrying out the Comprehensive Program for the Further Intensification and Improvement of Cooperation and the Development of Socialist Economic Integration by the CEMA countries. They stipulate the coordinated strategy of the community of nations belonging to CEMA in the fields of economics, science and technology. Their implementation will aid in the successful fulfillment of plans for socialist and communist construction and the consolidation of the unity and invincible friendship of the people in the socialist countries on the basis of the principles of Marxism-Leninism and internationalist solidarity.

In 1976, the CEMA countries and council agencies began to work on the long-range special programs of cooperation adopted at the session, and also began to draw up programs of this kind to satisfy the rational needs of the CEMA countries for industrial consumer commodities and for developed transport lines between the CEMA countries.

The past year was marked by considerable progress in the fulfillment of the Coordinated Plan for Multilateral Integration Measures by the CEMA Countries for 1976-1980. Construction work was completed on the main section of the Soyuz pipeline, and a 750-kilovolt power transmission line stretching from

Vinnitsa (USSR) to Albertirsa (Hungary) was installed. The CEMA countries worked on the joint construction projects of the Ust'-Il'msk Cellulose Plant and the Kiyembayev Asbestos Mining and Enriching Combine continued at full speed. Progress was made in carrying out the general agreement on cooperation in the establishment of new facilities for the production of nickeliferous and cobaltic materials in the Republic of Cuba. A great deal of geological prospecting work was conducted in the Mongolian People's Republic by the International Geological Expedition of the CEMA Countries. Multilateral measures were carried out in the construction of additional facilities on Soviet territory for the production of ferruginous raw materials, as well as many other large-scale cooperative undertakings. Numerous multilateral cooperative measures were carried out by the CEMA countries in the areas of science and technology.

The considerable successes that have been achieved in the economic development of the CEMA countries are the result of selfless labor by the working class, peasantry and intelligentsia, led by the communist and workers parties. These successes attest to the tremendous constructive potential of the socialist order.

In 1978 the national income of the CEMA countries--the most comprehensive indicator of economic growth--was 4.7 percent higher than in 1977.

In 1978 the attention of the CEMA countries and council agencies was focused on the elaboration and implementation of measures envisaged in long-range special programs for cooperation in the areas of fuel, energy and raw materials, as well as in agriculture and the food industry, and programs for the development of machine-building branches, which will provide a basis for the qualitative reorganization of this industry.

The work performed by these countries and council agencies on the basis of long-range programs resulted in the drafting of several agreements on cooperation in these areas. Separate agreements were also drawn up to promote quicker and more effective economic development in the Republic of Cuba and the Mongolian People's Republic.

When these agreements were being drawn up, complex problems were solved in connection with the acquisition of the necessary material and financial resources for carrying out the special programs, and ways of ensuring the fullest and most efficient mobilization of the resources of the CEMA countries through concerted efforts were determined.

Within the framework of the CEMA Committee for Cooperation in Planning Activity, a considerable amount of work has been done in the drafting of long-range special programs of cooperation for the satisfaction of the rational needs of the CEMA countries for industrial consumer commodities, for the development of transport lines and for the acquisition of the machines and equipment needed to carry out measures envisaged in these programs.



The implementation of the special program is making it possible, for the first time, to coordinate the 5-year national economic plans of the CEMA countries with consideration for cooperative projects covering the period up to 1990, and is aiding in the closer coordination of the development of physical production in the CEMA countries by means of deeper international socialist division of labor, the development of cooperation by means of concerted effort in joint construction projects, the development of international production specialization and cooperation and the joint resolution of scientific and technical problems.

The CEMA countries and council agencies continue to work on the coordination of five-year plans for national economic development during the 1981-1985 period. One of the distinctive features of consultations held on a multilateral and bilateral basis to discuss the coordination of national economic plans was the close coordination of these plans with long-range special programs for cooperation.

In the area of scientific and technical cooperation, the CEMA countries and council agencies have concentrated on carrying out the corresponding measures stipulated in the comprehensive program and on research programs envisaged in the coordinated plans for multilateral integration measures, in long-range special programs of cooperation and in other plans and programs.

In 1978, 72 cooperative projects were conducted; these were part of the long-range special programs for cooperation in the areas of energy, fuel and raw materials, agriculture and the food industry, and machine building.

In 1978, the Basic Guidelines for Scientific and Technical Cooperation by the CEMA Countries Up to 1990 and the expected technical and economic consequences were determined. The purpose of these is to accelerate scientific and technical progress in the CEMA countries and create the necessary conditions for a further rise in the technical levels of their economies.

Several research projects of a fundamental and applied nature were completed during the course of this cooperation and are expected to produce a considerable economic impact in the national economies of the CEMA countries. For example, more than 200 research and engineering projects were completed in the area of environmental protection and improvement. In agriculture, 73 joint research projects were completed. More than 70 scientific and technical projects were completed in the field of nonferrous metallurgy. Scientific and technical cooperation was also successfully accomplished in other areas, as well as cooperation in the resolution of complex intersectorial problems.

A long-range program for cooperation by the CEMA countries in the area of scientific instrument building and the automation of research was drafted for the 1981-1985 period and the more distant future.

Cooperation was developed within the framework of the International System of Scientific and Technical Information, which now consists of 7 specialized and 17 sectorial international informational subsystems. The International Center for Scientific and Technical Information began to supply the necessary information for long-range special cooperative programs.

Work was essentially completed in 1978 on the compilation of a general agreement on cooperation by the CEMA countries in the implementation of the plan for the accelerated development of science and technology in the Republic of Cuba. Work on the establishment of several scientific and technical facilities in Mongolia with the aid of the CEMA countries continued. Genetics laboratories, centers for diagnosing the technical condition of motor vehicles, fuel and lubricant laboratories and radioelectronics labs were opened in 1978.

Several massive international scientific conferences, symposiums, seminars and exhibitions, attended by scientists and specialists from the CEMA countries, were held.

In 1978 the CEMA Committee for Cooperation in Material and Technical Supply focused its attention on measures to ensure the fulfillment of long-range special cooperative programs, particularly measures connected with the efficient and economical use of material resources and the better organization of multilateral cooperation by the CEMA countries in the area of material and technical supply operations.

The Standing CEMA Commission on Geology carried out several measures in 1978, envisaged in the geology section of the long-range special program for cooperation in the areas of energy, fuel and raw materials. A general agreement was concluded on cooperation by the CEMA countries in more intensive geological prospecting work in the Republic of Cuba. More precise methods for the quantitative assessment of oil and gas supply forecasts for the CEMA countries and Yugoslavia were compiled. Measures involving economic and technological cooperation on geology projects envisaged in the draft long-range special program for cooperation in the areas of fuel, energy and raw materials were substantiated.

Work was completed on the charting of coal reservers in the CEMA countries. The maps will be used for the compilation forecasts, the correct choice of guidelines for geological prospecting work and the assessment of the industrial suitability of mined coal.

New fields of metal-bearing concretions were discovered in the Atlantic and Pacific oceans by a joint expedition made up of specialists from the GDR, USSR and CSSR as part of the program for joint sea and ocean research for the purpose of utilizing their mineral resources.

The technical and economic prerequisites for the exploitation of the Dobrudzha coal deposit were investigated in 1978 for the purpose of assisting Bulgaria in the construction of an enterprise on this site for the mining and concentration of coking coal and energy-producing coal.

In the area of scientific and technical cooperation, recommendations were made in regard to the basic guidelines for technological cooperation by the CEMA countries up to 1990 in the coal industry.

As a result of cooperation by the concerned CEMA nations, exploratory oil and gas prospecting projects were coordinated more closely and produced a greater impact due to the more efficient distribution of deep-drilling rigs in optimal geological locations.

With consideration for the fact that the more intensive refining of petroleum is one of the main objectives in the further development of the oil refining industry of the CEMA nations, the Standing CEMA Commission on the Petroleum and Gas Industry conducted production and technical consultations which resulted in the determination of these nations' potential for the compilation and transmission of technical documentation regarding the construction of installations for catalytic cracking, the deep-vacuum distillation of machine oil and visbrecciation.

Authorized representatives of competent agencies in Bulgaria, Hungary, Poland, the USSR and the CSSR signed an agreement on the establishment of the Internefteprodukt international economic association for cooperation in the area of small-tonnage petroleum products, additives and catalysts.

The activities of the Standing CEMA Commission on Electric Energy in 1978 was aimed at the resolution of problems in cooperation by these countries in the area of electrical power engineering, arising from the comprehensive program, and the implementation of measures envisaged in the long-range special program for cooperation to satisfy the economically substantiated needs of the CEMA countries for the major types of energy, fuel and raw materials up to 1990 (in the section pertaining to electrical power engineering).

The commission investigated the fulfillment of measures connected with the preparation of national energy systems and the unified power engineering systems of the CEMA countries as a whole for the simultaneous operation of these unified systems and the power engineering systems of the USSR.

Decisions were made to accelerate the construction and start-up of 400-kilovolts power transmission lines in interested countries to strengthen intersystemic and intrasystemic channels for the transmission of power from the Albertirsa (Hungary) substation. Other decisions concerned preparations for an agreement on the realization of an intersystemic impact from the coordination of operational schedules and reserve capacities.

The installation of a 750-kilovolt transmission line will broaden the parallel operation of the unified systems and the Soviet energy system, increase the planned quantity of electric energy to be transmitted from the USSR to the energy systems of interested nations and create the prerequisites for the attainment of an intersystemic impact from coordinated operational schedules and reserve capacities by 1980.



Work continued in 1978 on the construction of new power units at existing nuclear power stations in Bulgaria, the GDR, the USSR and the CSSR. A second unit of 1,000 megawatts was put in operation at the Chernobyl Jaskaya AES in the USSR, and the first unit with a VVER-440 reactor was started up in the CSSR at an atomic power station in Jaslovsk-Bogunice.

During the course of cooperation in the development and incorporation of large-capacity water-moderated reactors in 1978, several projects of great significance for the improvement of the VVER type of reactor were conducted.

For the purpose of carrying out measures envisaged in the long-range special programs for cooperation in the areas of energy, fuel and raw materials, several consultations were held by the Standing CEMA Commission on Ferrous Metallurgy to draft general agreements on organized cooperation in the construction of iron-ore enterprises on Soviet territory through the efforts and resources of interested nations, the organized delivery of required supplies of iron ore and the construction of a metallurgical plant in the USSR through the concerted efforts of interested CEMA nations.

A broad-scale program for cooperation by the CEMA countries to improve the quality and expand the assortment of the products of ferrous metallurgy was approved.

In accordance with the objectives of long-range special programs for cooperation, general proposals were made in regard to the organization of bilateral and multilateral cooperation by the CEMA nations in the development of copper production with reliance on each nation's own raw material resources. Ideas about the development of cooperation by interested CEMA nations in the collective production of aluminum were examined.

In 1978, these nations continued to cooperate in providing mines and quarries in the CEMA countries with the latest highly productive equipment by using the machine-building facilities of nonferrous metallurgy in the CEMA nations. An agreement was signed on multilateral international specialization and cooperation in the production of mining equipment, machines and components manufactured at enterprises of nonferrous metallurgy in the CEMA countries.

In 1978, cooperation in agriculture centered around measures included in the long-range special program for cooperation by the CEMA countries in agriculture and the food industry. Agreements were drafted on multilateral international specialization and the mutual use of genetic stocks of dairy cattle, hogs and sheep, as well as the establishment of an international poultry breeding center. Programs of cooperative measures began to be drawn up to satisfy the nations' need for first-class agricultural seeds in short supply.

Much was done in the further intensification and development of cooperation in the area of selection and the cultivation of more productive strains and hybrids of agricultural crops, the organization of international strain testing, the mutual exchange of first-class seeds and seeding material, the fulfillment of measures aimed at increasing the output of edible protein and the institution of industrial methods for the use of mineral fertilizers.

International tests resulted in the determination of the value and economic characteristics of more than 500 strains and hybrids of agricultural crops.

Cooperation in the fields of selection and seed production was aimed at the development and propagation of new and promising strains and hybrids of fodder crops with a high protein and essential aminoacid content and a guaranteed high yield. Highly productive fodder strains and hybrids which far surpass, in terms of yield, those now being cultivated have already been developed and are being put in circulation.

In 1978, the attention of the Standing CEMA Commission on the Food Industry was focused on measures envisaged in the long-range special program for cooperation by the CEMA countries in agriculture and the food industry.

A draft agreement was approved on cooperation in the development and incorporation of new equipment and technology for the processing of oil-bearing seeds to solve major problems connected with the direct extraction of oil-bearing seeds, the production of protein products and emulsifiers and the processing of vegetable fats. Draft agreements were examined on cooperation in the construction of food industry facilities by interested CEMA countries, on the improvement of existing technology and the development of new technology, and on the techniques of fresh-water commercial fishing.

Work was done to determine the general need for equipment for the canning, sugar, meat and dairy industries, as well as equipment for the bottling of liquid food products, the wrapping and packaging of products and the provision of adequate refrigeration facilities.

The activities of the Standing CEMA Commission on Machine Building in 1978 centered around the long-range special program for cooperation by the CEMA countries in the area of machine building.

Agreements were drafted on multilateral international specialization and cooperation in the production of the basic equipment for the mechanization of materials handling and warehousing operations, installations and equipment for the secondary processes of petroleum refining, devices and equipment for the derivation of chemical products and technological equipment and complete units for off-shore drilling for oil and gas. An agreement on scientific and technical cooperation in the area of pneumatic equipment was signed.

Agreements were signed on multilateral international specialization and cooperation in the manufacture of machines and equipment for the production of wood and semimanufactured wood products, and protocols were signed to supplement and clarify agreements on multilateral international specialization and cooperation in the manufacture of machines and equipment for construction, as well as highly productive machines and equipment for the clothing and knitwear industries.

Analyses and forecasts pertaining to 28 branches and types of machine building were approved in 1978. Some 55 CEMA standards were determined and approved in the areas of machine tool building, transport machine building, ship building, tractor and agricultural machine building, the automotive industry, instrument building and the automation equipment industry.

The Standing CEMA Commission on the Chemical Industry approved the procedures and schedules for the compilation of general and other agreements pertaining to problems connected with the satisfaction of the economically substantiated needs of the CEMA countries for various types of products of the chemical, pulp and paper, and microbiological industries.

Agreements were signed in 1978 on multilateral specialization and cooperation in the production of pharmaceutical products (covering the period up to 1980) and products of the tire industry, and a protocol was signed to supplement the agreement on multilateral international specialization and cooperation in the production of various types of synthetic rubbers.

One of the principal areas of cooperation in the radio and electronics equipment industry in 1978 was the implementation of measures envisaged in long-range special cooperative programs. Procedures and schedules were approved for measures envisaged in the special program for machine building, in the section pertaining to integral microsystems and special technological equipment for the production and testing of electronic items. Work continued on the drafting of a long-range special program for cooperation in the manufacture of industrial consumer commodities.

Progress was made in the specialization and cooperation of the production of semiconductors, integral microsystems and electrovacuum devices, as well as a standardized assortment of microprocessor systems, storage devices and optoelectronic semiconductors, and integral systems for the initial model of a projected color television set for the purpose of creating the best possible conditions for multilateral specialization in the production of these items.

The activities of the Standing CEMA Commission on Transport in 1978 centered around the drafting of a long-range special program for cooperation in the development of transport lines between the CEMA countries and the further implementation of measures envisaged in the comprehensive program.

The nine forecasts on the development of transport compiled by the commission in 1977 and 1978 were used to draft a special program for cooperation in the development of transport communications between the CEMA countries. The commission investigated and approved several proposals aimed at reducing expenditures of fuel and energy resources on railways.

The commission approved measures aimed at satisfying the needs of the transportation industry in the CEMA countries for means of mechanizing materials handling operations in sea and river ports up to 1990.

A program of measures was drawn up for the further development and expansion of international passenger and freight transport by motor vehicles.

In the area of civil aviation, progress reports were presented on the fulfillment of the agreement between enterprises (and organizations) in the CEMA countries on cooperation in the use of aviation in the national economy and

in the operational, commercial and financial activities of air transport enterprises in the CEMA countries.

The subprograms drawn up by the CEMA countries in 1978 for a draft long-range special program for cooperation in light industry and the furniture industry include production growth, increased mutual deliveries of final products of light industry, materials and semimanufactured products, the exchange of an assortment of finished items, specialization in the production of various items, measures connected with technological cooperation and the supply of raw materials and others materials, the fuller satisfaction of the demand for furniture and the provision of this industry with the necessary machines and equipment.

There was extensive exchange of experience in the technical re-equipping and remodeling of cotton fabric mills, the use of efficiency techniques in the knitwear industry and the determination of the technical specifications of highly productive technological equipment for the manufacture of outerwear.

In the area of construction, attention was focused on cooperation in raising the technical level of construction, the construction materials industry and the glass and ceramic industry, satisfying the demand of the construction industry for essential construction materials and designs, developing an industrial base, developing and incorporating new technological processes and progressive technology for the erection of buildings and other structures, improving the quality of designs, reducing the amount of time required for construction and planning, reducing labor expenditures, and standardizing the norms and basic premises of project planning.

A great deal of attention was devoted to the need to mechanize construction and installation operations. A report was compiled on the development of construction mechanization in the CEMA countries and, on this basis, a proposal concerning the provision of this industry with essential construction machinery and spare parts, their testing, the maintenance and repair of machines and the training of specialists.

A new group of technical specifications was approved in 1978 for promising equipment and devices for telecommunications. The compilation of technical specifications was completed for new types of equipment for the mechanization and automation of production processes at postal and newspaper distribution enterprises.

The Standing CEMA Commission on Standardization and the CEMA Institute for Standardization focused their attention in 1978 on the timely normative and technical reinforcement of cooperative measures in the sphere of physical production, particularly measures envisaged in long-range special programs. Comprehensive standardization operations were conducted in many areas of machine building, the electrical equipment industry and construction. Several CEMA standards were elaborated for a unified hydraulic system, plain bearings, fastenings and other components and parts of all-purpose machinery.



In the area of public house, a task force appointed to investigate the topic of "Malignant Neoformations" prepared a list of items of medical equipment and antitumoral preparations needed by oncological services in the CEMA countries and determined the demand for these up to 1990.

Proposals were examined and approved in connection with a draft program for technological and economic cooperation in the scientific development and specialization of the production of vaccines, serums, allergens and nutrient media for 1981-1985.

Cooperation between the CEMA nations developed successfully in the area of foreign trade; in this field, attention was focused on problems in the compilation and implementation of long-range special programs and the coordination of national economic plans for 1981-1985.

Just as in previous years, the growth rate of foreign trade in the CEMA countries surpassed the growth rate of national income and industrial production. The volume of the CEMA countries' foreign trade with socialist countries in 1978 increased by 12.1 percent, their trade with the developed capitalist countries increased by 6.1 percent and their trade with the developing countries increased by 3.8 percent.

Just as in the past, mutual deliveries accounted for most of the foreign trade turnover of the CEMA countries in 1978. Exports of machines and equipment increased dramatically. They were 12 percent higher than the previous year's total, with a growth rate of 10 percent for all exports.

The mutual trade of the CEMA countries is being increasingly influenced by the developing specialization and cooperation of production. There are now more than 1,000 agreements on production specialization and cooperation. Exports of specialized machine-building products increased considerably in mutual trade turnover in 1978, and specialized products accounted for a higher percentage of total exports.

The exchange of industrial consumer commodities increased by 11.4 percent and amounted to more than 5 billion rubles.

In 1978, the CEMA Commission on Currency and Financial Affairs developed and approved reports on the possibility of improvement in credit transactions in connection with the implementation of long-range special cooperative programs.

The accounting and credit operations of the International Bank for Economic Cooperation (IBEC) continued to develop successfully. Total bank transactions in transferable rubles amounted to 151.3 billion. The IBEC extended credit for a total sum of 5.7 billion transferable rubles to authorized banks. The International Investment Bank financed eight projects for a total sum of 80 million transferable rubles.

The CEMA countries continued to develop active economic ties with other states not belonging to CEMA--socialist and developing countries, as well as the industrially developed capitalist nations.

Cooperation with Yugoslavia in CEMA agencies now encompasses 21 areas of council activity. Yugoslavia is participating in the implementation of more than 50 multilateral agreements and conventions signed with the CEMA countries on production specialization and cooperation, scientific and technical cooperation and other types of cooperation. The volume of commodity turnover between the CEMA countries and Yugoslavia has grown. In 1978 the CEMA countries accounted for around 40 percent of Yugoslavian exports and almost 29 percent of its imports.

Representatives of the Democratic People's Republic of Korea, the People's Republic of Angola, Socialist Ethiopia and the Lao People's Democratic Republic took part in the work of various council agencies in the capacity of observers.

Cooperation between the CEMA countries and Finland has been successful. For 1978, 22 multilateral and bilateral agreements were concluded on economic, industrial and technological cooperation in the areas of machine building, the comprehensive use of lumber, petroleum and gas, environmental protection and transport.

Task forces have been created and are functioning in the areas of the gas and oil industry, agriculture, irrigation, technological cooperation, foreign trade, commodity transport and electric power engineering within the framework of the Joint Commission of CEMA and the Iraqi Republic. In 1978 these task forces outlined possible cooperative projects and are now working on proposals pertaining to the operational volumes and schedules of these projects.

The Joint Commission for Cooperation Between CEMA and Mexico created task forces for technological cooperation and fishing. Recommendations on the further development of trade between the CEMA countries and Mexico were approved. The CEMA countries and Mexico are investigating the possibilities for cooperation in the areas of machine building, the coal industry, geological prospecting for nonferrous metals, and deliveries of complete sets of equipment for public health and education projects.

Economic ties between the CEMA countries and the developing states continued to be developed and reinforced in 1978. The determination of the CEMA countries to expand egalitarian and mutually beneficial cooperation with the developing countries, so as to implement socioeconomic and cultural developmental measures in their national interests, strengthen their position in the world economy, free them from the oppression of imperialist monopolies and eradicate colonialism in all its forms, was stressed at the 32d meeting of the CEMA session.

In 1978 the CEMA countries gave economic and technical assistance to 78 developing countries in Asia, Africa and Latin America. They concluded more than 240 long-term agreements and annual protocols on economic and technological cooperation with 46 developing countries, as well as specialized agreements on the further expansion of cooperation in various branches of these countries' economies. Around 4,000 projects of various kinds, mainly industrial and agricultural, have been completed or are now being conducted in the developing countries with the economic and technical assistance of the CEMA countries. More than 2,700 facilities have begun operating and have been turned over to the jurisdiction of the developing countries.

In 1978 the CEMA countries approved several additional measures pertaining to the rendering of economic and technical assistance to Afghanistan, the Lao People's Democratic Republic, Angola and Socialist Ethiopia.

In 1978 CEMA had regular contact with more than 60 international organizations, including the United Nations and most of its organizations and specialized institutions. Contacts were developed with UN agencies and international organizations, including the UN General Assembly, the ECE, ESCAP, UNCTAD and UNIDO.

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## INTERNATIONAL ECONOMIC RELATIONS

### FUNCTIONS OF INTERNATIONAL BANK FOR ECONOMIC COOPERATION ELUCIDATED

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 3, 1979 pp 86-90

[Article by Konstantin Nazarkin, chairman of the board of the International Bank for Economic Cooperation: "The Role of the IBEC in the International Socialist Currency System"]

[Text] Questions connected with the improvement of currency and financial relations between nations of the socialist community occupy a prominent place in the activities of the Council for Mutual Economic Assistance, which is 30 years old this year. The principal organ regulating these relations is the International Bank for Economic Cooperation (IBEC), which has been successfully serving the increasingly broad and strong foreign trade and other economic ties of the CEMA nations for 15 years.

In the first years of the socialist community's existence, the CEMA standing commissions on currency and financial affairs were formed. Within the framework of these commissions, a great deal of work has been done in connection with the establishment of a multilateral system of transactions based on a collective currency--the transferable ruble--as well as an international crediting system.

Up to 1963, mutual commodity turnover and related transactions were coordinated and completed essentially on a bilateral basis. At the beginning of the 1960's this system was already inadequate in view of these nations' objectives of broader economic ties and deeper international division of labor. It was necessary to use all opportunities for the development of mutual trade by the CEMA countries, relying more and more on long-term production contacts and the multilateral balancing of commodity turnover and payments.

In 1963, the IBEC was founded with the active participation of CEMA agencies, particularly the Standing CEMA Commission on Currency and Financial Affairs, and became the crediting and accounting center for CEMA members in connection with mutual trade deliveries, non-commercial payments and other payments in transferable rubles. During the 15 years of the bank's existence, the scales of its operations have multiplied many times over. At present, the total volume of daily bank operations exceeds 1 billion transferable rubles.



The IBEC was founded by Bulgaria, Hungary, the GDR, Mongolia, Poland, Romania, the Soviet Union and Czechoslovakia. Later the Republic of Cuba (in 1974) and the Socialist Republic of Vietnam (in 1977) also became members of the bank.

The IBEC is an independent international organization. The Agreement of the CEMA Countries on Multilateral Transactions in Transferable Rubles and the Organization of the IBEC of 22 October 1963 and the Bank Charter have twice been amended (in 1970 and 1977) to clarify some of the functions of the bank, but the principles governing the multilateral system of transactions and crediting have been totally preserved. Membership in the IBEC and bank activities have not interfered in the development of direct financial and other commercial relations by the nations belonging to the bank either with one another or with third countries.

The IBEC is an open organization. Any country that agrees with the goals and principles of bank activity can become a member, regardless of whether it is a CEMA member or not. At the same time, a nation which is not a member of the bank can use the bank to conduct its transactions in transferable rubles with other countries which are members.

The IBEC is an international socialist bank of a new type, which differs fundamentally, both in terms of administrative forms and methods and in terms of the goals, conditions and nature of its activities, from international credit and finance institutions in the capitalist countries. The organization and activities of the bank are based on truly democratic principles of the complete equality of member nations, respect for their sovereignty and national interests, mutual benefit and comradely mutual assistance.

The highest administrative organ of the bank is the IBEC Council, which determines bank policy and operational guidelines and consists of representatives of all the member nations. Administrative positions in the IBEC network are also held by specialists from all of the nations belonging to the bank. The bank council's decisions on banking matters must be unanimously approved by the member nations. When questions connected with IBEC activities are considered and resolved, the nations belonging to the bank have equal voting rights. Each has one vote regardless of the size of its share (or quota) in the charter capital of the bank.

This capital is equivalent to 305.3 million transferable rubles. The share of each country is calculated in proportion to its share of exports in total mutual trade in the following amounts: 17 million for Bulgaria, 21 million for Hungary, 900,000 for the SRV, 55 million for the GDR, 4.4 million for the Republic of Cuba, 3 million for the MPR [Mongolian People's Republic], 27 million for Poland, 16 million for Romania, 116 million for the USSR and 45 million for the CSSR. At present, the nations have paid off 40 percent of the sum, including 20 percent in transferable rubles and another 20 percent in convertible currency. The bank also has reserve capital, which amounted to 115.3 million transferable rubles at the end of 1978.

International credit institutions in the capitalist world, such as the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD) and others, are pursuing other goals. Although they are formally specialized UN institutions, they actually promote the policies of imperialist circles in these countries, particularly the United States, by using various methods to expand the market for monopolies in the United States and the other industrially developed countries, simplifying the export of private capital and stimulating the development of the private capitalist sector in the economies of the developing countries. The charters of the IMF and IBRD reinforce the unequal distribution of votes among countries, as well as the unequal distribution of representation in the administrative agencies of these organizations. In accordance with the quota system in the IMF and IBRD, where the United States controls 20.7 and 22.7 percent of the votes respectively, the United States is guaranteed the dominant influence in decision-making in these organizations. For the sake of illustration, we could add that a qualified majority of 80-85 percent of the total vote is required for decision-making on important matters in the IMF.

The credit policy of the IMF and IBRD ignores the economic needs of the developing countries, keeps them from instituting progressive economic and social reforms and undermines the economies of the countries making use of the financial "assistance" and credit of these organizations. The English GUARDIAN described IMF activities in the following way: "In the rich arsenal of the developed capitalist world there is probably no weapon more insidious or more effective in terms of its undermining impact than the International Monetary Fund. This is not so much a simple banking or financial institution as it is the political basis of the contemporary imperialist system, controlled and financed by the United States."<sup>1</sup>

The economic and financial difficulties of the developing countries are being complicated by the critical state of the currency system of capitalism, the considerable devaluation of the American dollar and several other leading capitalist currencies and the high rates of worldwide inflation.

As speakers pointed out at the 31st meeting of the CEMA session, at this time of increasingly severe crisis in the very foundations of the capitalist world's currency system, the advantages of the socialist organization of international transactions, created through the concerted efforts of the nations of the socialist community, are being cogently revealed. The CEMA countries are using these advantages to develop their economies in accordance with their national economic plans.

The transferable ruble--an important instrument of the international socialist currency system--is not directly influenced by the inflationary processes characteristic of the capitalist market because it is always firmly backed up by commodities and is only put into international circulation in amounts corresponding to the actual needs of the bank members for funds to pay for commodities and services. The purchasing power of the transferable ruble is based on the coordinated price level of commodities in the mutual trade of

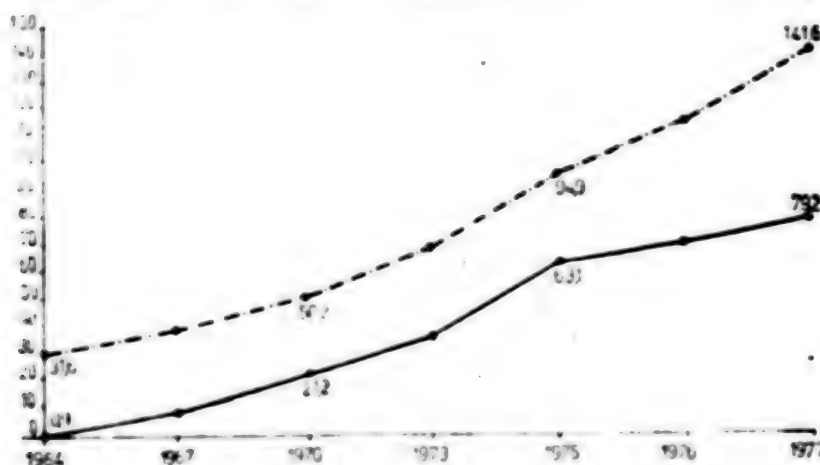
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1. GUARDIAN, 26 April 1978.

bank members. The stability and strength of the collective currency are ensured by the planned development of the national economies and foreign trade relations of the CEMA countries. Maximum equivalence is guaranteed in transactions involving this currency.

The use of transactions in the collective socialist currency by the CEMA countries in their mutual foreign trade and other economic relations ensures the independence of monetary circulation in the international market of the socialist community, protects these nations from the crises and upheavals in the capitalist currency markets and helps them to avoid losses connected with these upheavals.

The overwhelming majority of IBEC operations involves transferable rubles. In addition, the bank also conducts operations in convertible currencies accepted in banking practices. These latter operations, despite considerable tension in the international currency markets, have become widespread, which has been partly due to the increasing prestige of the IBEC among the world's largest banks and the establishment of effective business contacts with these other banks. The dynamic growth of bank operations in transferable rubles and convertible currency is evident from the graph.



----- Operations in transferable rubles  
 \_\_\_\_\_ Operations in convertible currency

More than nine-tenths of all transactions in transferable rubles are CEMA country transactions connected with mutual commodity deliveries. By guaranteeing the uninterrupted and timely completion of these transactions, the IBEC is assisting in the planned growth of the mutual commodity turnover of its member and, as a result, the development of the process of socialist economic integration.

The percentage accounted for in the CEMA countries' total volume of mutual deliveries by shipments connected with the realization of various forms of cooperation in the sphere of physical production, including the creation of

new production capacities through the joint efforts of interested fraternal countries, as well as the development of international production specialization and cooperation, is growing and will continue to grow. In turn, the development of integration processes in the economy of the community will necessitate broader trade contacts to serve the spheres of production, science and technology and will increase the mutual commodity turnover of the CEMA countries, thereby determining the growth rate of IBEC commercial transactions.

Trade between the CEMA countries is developing at a particularly rapid rate in connection with the implementation of measures envisaged in the Comprehensive Program. During the 1971-1975 period, average annual rates of increase in the mutual trade turnover of these countries reached 14.4 percent as against 8.2 percent in 1966-1970.

Favorable preconditions for increasing the size of the socialist market and ensuring the stable growth of mutual product deliveries are being created by the implementation of special cooperative programs by the fraternal countries in key branches of the national economy.

The 15 years of experience in the functioning of mutual transactions by the CEMA countries in transferable rubles through the IBEC have shown that this system of transactions is in the interest of economic cooperation by member countries at the present time. It creates opportunities for the highly effective use of collective currency by member countries and stimulates the fulfillment of mutual trade and payment obligations, deriving from both multilateral and bilateral cooperation by these countries.

As we have already mentioned, the present system of international transactions in transferable rubles replaced the previous system of clearing transactions on a bilateral basis and the multilateral clearing form that was also used, which took in only a small portion of the foreign trade turnover of the CEMA countries. Now when funds in transferable rubles are available, authorized banks can deposit them in the IBEC, which has been paying 1.5 percent annual interest on commercial accounts since 1977, 2.5 percent on 3-month deposits, 3.5 percent on 6-month deposits, 3.75 percent on 9-month deposits and 4 percent on deposits left in the bank for a year or more.

The multilateral system of transactions and crediting in transferable rubles guarantees uninterrupted and speedy payment for all actual commodity shipments. The existing IBEC credit and accounting mechanism imposes no restrictions on the expansion of shipments and transactions which are balanced on a multilateral basis.

It should be pointed out, however, that the multilateral balancing of mutual transactions by the CEMA countries is not an end in itself. This must be expanded in accordance with objective economic needs in close coordination with integration measures, both on a multilateral and a bilateral basis. Under present conditions, bilateral forms of economic relations are acquiring



new functional characteristics: They are expected to aid in the all-round development and intensification of economic integration ties and cooperation in all areas--in planning, production specialization and cooperation, mutual trade and other spheres.

As the communique on the 32d meeting of the CEMA session notes, "on the basis of agreements concluded by the leaders of the fraternal parties in 1977 in the Crimea and at other meetings, there is now closer coordination of cooperation, within the CEMA framework, on a multilateral and bilateral basis for the purpose of carrying out measures envisaged in long-range special cooperative programs."

The Comprehensive Program envisages the reinforcement and augmentation of the role of the collective currency--the transferable ruble--so that it might perform all of the basic functions of the international socialist currency of the CEMA countries (a measure of value, a means of payment and a means of accumulation) in accordance with the objectives of various stages in the intensification and improvement of cooperation and the development of socialist economic integration. The program also stresses that the reinforcement and augmentation of the role of the collective currency represents a process in which some of the components are measures in the currency sphere and in the sphere of physical production and foreign trade.

During the process of transactions in transferable rubles in connection with commodity turnover, which essentially determine the balance of payments of each country in this currency, and also in connection with the existing relatively small volume of transactions connected with intergovernmental credit and non-commercial operations, a definite correlation takes shape between income and payments, which determines accumulation (a positive balance) or a shortage (a negative balance) in the balance of payments.

On the basis of these data, which are closely connected with the coordination of national economic plans and agreed-upon volumes of mutual trade turnover, the planned requirements of the CEMA nations for IBEC credit or the corresponding planned increase in monetary funds are determined. The main instrument in planning IBEC credit in transferable rubles is the bank credit plan, in accordance with which the member nations' credit needs are satisfied for the development of mutual commodity turnover and other forms of economic cooperation.

The credit plans of the IBEC are drawn up on the basis of credit requisitions received from authorized banks in the member nations. These authorized banks use data on the planned volume of mutual transactions as economic substantiation for credit requirements. Any planned excess of payments over accumulations, deriving from transaction volumes agreed upon by different countries, is regarded by the bank as an object of crediting. By extending credit in the amount of the planned requirements, the IBEC is assisting in the fulfillment of member nations' plans for mutual commodity turnover and guaranteeing uninterrupted payments for commodity imports and other payments.

Although the CEMA countries cover most of their mutual transactions with their own resources in transferable rubles, they sometimes cover a considerable portion of their own need for monetary resources in this currency with credit extended by the bank. For some nations, for which commodities of seasonal production represent a large portion of their exports, the percentage accounted for by credit can reach 20-25 percent. In total bank payments, however, IBEC credit accounts for around 12 percent.

The multilateral system of transactions and crediting in transferable rubles is based on the integral principle. During the initial period of bank activity, six types of credit were to be extended in transferable rubles: payment credit, credit for seasonal needs, credit for the expansion of commodity turnover, credit for the equalization of the balance of payments, extra-plan credit and credit for joint construction and remodeling projects, as well as the operation of industrial enterprises and other facilities. Experience showed, however, that this kind of excessive differentiation between short-term loans in terms of their purpose was inexpedient. As experience was accumulated, changes were made in the crediting system. For example, a decision was made in 1970 to abolish some of the special types of credit and replace them with a single type--emergency credit, which covers all of the planned needs of bank members for funds, arising during the course of their mutual economic cooperation.

Volume of Mutual Transactions in Transferable Rubles by IBED  
Members and Credit Extended by the Bank (Billions  
of Transferable Rubles)

Years	Volume of mutual transactions	Total credit extended by the bank	% accounted for by bank credit in payments of countries
1964	22.9	1.5	11.8
1967	26.6	1.9	12.4
1970	35.4	2.0	10.1
1971	39.3	2.8	12.6
1972	43.3	3.0	12.4
1973	47.4	3.8	14.2
1974	52.6	3.2	10.8
1975	66.9	4.1	10.8
1976	82.5	4.2	9.3
1977	94.7	6.9	12.6

Payment credit permits the members of the bank to have their imports exceed their exports temporarily (up to 3 years), and stimulates the equalization and augmentation of exports--that is, in the final analysis, it augments mutual commodity turnover. In this connection, it must be said that up to 1970 the governing principle was the multilateral balancing of payments of IBEC members within a year, which somewhat limited the terms of IBEC credit.

In 1978 procedure was instituted for the conclusion of trade agreements in accordance with which the period for balancing incoming payments in transferable rubles corresponded to the terms of credit extended by the IBEC, and now the member nations can take 2 or 3 years to balance their accounts. The payment form of credit was retained to provide funds for short-term excesses of payments over income, which arise during the process of payment transactions. This kind of credit is generally repaid within 25-30 days on the average with the borrower's current receipts.

The interest-free credit and low interest rates (1.5-2 percent per annum) established for banking operations in transferable rubles were not effective enough under the conditions of the multilateral system of transactions to ensure the fulfillment of mutual obligations by different countries in connection with commodity turnover and did not adequately stimulate the economical use of credit. In connection with this, interest-free credit was gradually phased out and interest rates were raised somewhat. At present, the IBEC charges its borrowers 2-5 percent per annum depending on the type of credit and the repayment schedule.

The planned basis of bank crediting activity was reinforced in 1971 when the transition was made from quarterly credit plans to annual plans broken down into 6-month periods.

When the CEMA countries founded the International Investment Bank (IIB) in 1971, the IBEC began to carry out transactions, at the request of the IIB, connected with the extension of investment credit in transferable rubles. Since 1977, the IBEC has extended credit to the IIB in transferable rubles to supplement its resources.

The credit functions and authority of the IBEC were recently broadened. In addition to extending credit to authorized banks in its member nations, it can now extend credit in transferable rubles to international economic organizations, banks and other organizations created by these nations, as well as banks in other nations with the aid of personal and borrowed funds.

It should be stressed that the quite excellently regulated credit and accounting mechanism of the IBEC, based on the use of the collective currency--the transferable ruble, will continue to provide for the accurate and efficient conduct of the necessary transactions connected with the constantly growing commodity turnover and other reciprocal foreign economic operations of bank members.

As a result of a recent substantial increase in the volume of operations in transferable rubles and convertible currency and the implementation of several measures to improve bank activities, there has been a rise in the profitability level of its operations and in its total profits, which amounted to around 30 million transferable rubles in 1977.

The IBEC is developing cooperation with other international economic organizations, and this is making the pursuit of its own goals and objectives more successful. The bank has an agreement on cooperation with the Council for

Mutual Economic Assistance on currency, financial, foreign trade and other matters of mutual interest to the IBEC and CEMA. In accordance with this agreement, it is actively involved in the work of the standing CEMA commissions on currency and financial affairs and on foreign trade and in the work of other agencies.

The bank is cooperating actively with the Moscow-based International Institute of Economic Problems of the World Socialist System in the investigation of some questions connected with the further reinforcement of the international socialist currency system.

The IBEC holds consultative status in UNCTAD, where bank cooperation can be useful in the study and resolution of problems in mutual trade and the organization of financial interrelations between countries with different social systems.

At this time of struggle for deeper detente, the IBEC is striving more and more actively to promote, with its activity, the further development of cooperation between the CEMA countries and their economic ties with other states; in particular, nations which are not members of the bank can take part in the multilateral system of transactions and make use of credit in transferable rubles on terms negotiated with the bank.

Transactions of this kind between IBEC members and countries which are not members of the bank can involve payment for commodities and services, the non-commercial expenditures of diplomatic and other offices, expenditures on tourism and so forth in line with the proper agreements between foreign trade firms and organizations, as well as banks or other authorized organizations in the nations concerned. These transactions can cover individual shipments of commodities or the entire commodity turnover.

Transactions in transferable rubles can be of particular interest to the developing countries. According to a study conducted by Professor Sumitra Kristi, "the developing countries can use transferable rubles to cover short-term negative balances of payments, particularly in the case of a positive balance with one of the CEMA countries and a negative one with another. For countries undergoing the initial stage of development, the transferable rubles can be quite useful, since many essential commodities can be acquired in the CEMA countries and, for this reason, the transferable ruble can produce livelier trade."<sup>1</sup>

The further development of bank operations will promote even greater economic development in the nations of the socialist community and expanded trade between countries with different socioeconomic systems.

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1. UNCTAD T/V/AS/22/4, p 20. "Payment Procedure in India's Trade with the Socialist Countries of Eastern Europe."



## INTERNATIONAL ECONOMIC RELATIONS

### PROJECT FINANCING ACTIVITIES OF INTERNATIONAL INVESTMENT BANK

Moscow EKONOMICHESKOYE SOTRUDNICHESTVO STRAN-CHLENOV SEV in Russian No 3, 1979 pp 90-93

[Article by Al'bert Belichenko, chairman of the board of the International Investment Bank: "The International Investment Bank at the Service of Socialist Integration"]

[Text] The current stage in the development of economic integration by the CEMA countries is distinguished by long-term and large-scale forms of cooperation. The unification of the material and technical resources and financial means of these countries has become an important factor in the implementation of measures envisaged in the Comprehensive Program, including the completion of joint capital-intensive construction projects. All of this has necessitated the concentration of the investment resources of CEMA countries for the purpose of their more efficient use according to plan and has corroborated the expediency of establishing and developing the International Investment Bank.

The Comprehensive Program precisely stipulates the basic functions of the IIB, consisting in the concentration of some of the resources of these nations in transferable rubles and freely convertible currency in the bank. These funds are intended for the financing of capital construction on the basis of agreements and the guarantee of their efficient use by means of the extension of credit for measures connected primarily with the development of international socialist division of labor, production specialization and cooperation, the expansion of the raw material and fuel base in the common interest, the construction of facilities in other branches of mutual interest for the economic development of bank members, and the completion of projects promoting the development of their national economies.

The International Investment Bank was founded in 1970 on the basis of an intergovernmental agreement of the CEMA nations--Bulgaria, Hungary, the GDR, Mongolia, Poland, the USSR and the CSSR. Later, this agreement was signed by Romania in 1971, the Republic of Cuba in 1974 and the SRV in 1977.

The bank began this year of the 30th anniversary of the Council for Mutual Economic Assistance with a record of positive results in its work.

Charter capital totaling 1,071,300,000 transferable rubles has been accumulated for the crediting of bank members, including 750 million in transferable rubles and 321.3 million transferable rubles in freely convertible currency.

The share (or quota) of each member in this capital is calculated in proportion to its exports in mutual commodity turnover; the figures are the following: 85.1 million transferable rubles for Bulgaria, 83.7 million for Hungary, 3 million for the SRV, 176.1 million for the GDR, 15.7 million for Cuba, 4.5 million for Mongolia, 121.4 million for Poland, 52.6 million for Romania, 399.3 million for the USSR and 129.9 million for the CSSR. These nations have already contributed 374 million transferable rubles to this charter capital.

The establishment of the IIB expanded the sphere of application of the CEMA nations' collective currency (the transferable ruble) as a means of payment and credit, as a considerable portion of bank long-term credit is extended in this currency. Whereas the transferable ruble was used only in the extension of credit for commodity turnover between the CEMA countries prior to the establishment of the IIB, it now functions as an instrument for the medium-term and long-term crediting of capital investments. This new function of the CEMA nations' collective currency--the transferable ruble--represents a further development of crediting practices in the system of socialist currency, financial and credit relations.

Between 1971 and 1978 the bank extended medium-term and long-term credit for 61 projects for a sum exceeding 3 billion transferable rubles.

Credit has been extended for the construction and remodeling of enterprises in the following branches of the national economy (see table).

As we can see from the data in this table, the IIB extends credit primarily for the development of fuel and power engineering branches and metallurgy, as well as branches on which scientific and technical progress depends--machine building, the electrical equipment, electronics and chemical industries and others.

On the average, the proportion accounted for by IIB credit in the total estimated cost of projects is around 35 percent, and the figure is slightly higher for some projects.

The bank extends credit for the construction of new enterprises and the remodeling and enlargement of existing ones. Using IIB resources, the CEMA nations give one another effective economic and technical assistance in the development of progressive branches of production and the enlargement of production capacities for the manufacture of commodities. The IIB is

actively influencing production and promoting expanded mutual commodity turnover between the nations belonging to the bank and is helping to fill the international socialist market with the equipment, machines and materials needed by the CEMA countries.

Branches	Number of Projects	% of Total Credit
Fuel and power engineering industry	2	78.4
Metallurgical industry	7	6.2
Machine building	25	9.3
Electrical equipment and electronics industry	8	0.9
Chemical industry	6	2.0
Textile and knitwear industry	5	1.2
Food industry	2	0.2
Glass and china industry	1	0.1
Transportation and communications	3	1.5
Other branches	2	0.2
Total	61	100.0

As a result of the development of bank operations, its active operations totaled 2.4 billion transferable rubles and 2.03 billion of this sum represented credit extended.

The bank is operating at a profit. Each year part of the profit is distributed among the member countries and part is added to reserve capital.

The credit extended by the bank is not only covered by its own capital--charter and reserve--but also by funds acquired by the bank in forms accepted in international banking practice--that is, by accepting short-term investments and acquiring medium-term and long-term credit in transferable rubles and the convertible currencies of the capitalist countries.

The IIB charges 3-5 percent per annum, depending on the duration of the loan, on credit extended in transferable rubles. Preferential interest rates have been established for projects in the Mongolian People's Republic and the Republic of Cuba: 0.5 percent per annum for the MPR and 2 percent per annum for Cuba, regardless of the duration of the loan. The interest rate on credit extended in transferable rubles for the construction of the Soyuz gasline is also preferential--2 percent per annum for the entire crediting period. It must be said that the bank is capable of establishing preferential interest rates for credit extended in transferable rubles for projects of great integrative value, particularly agricultural projects.

Bank activities are organically related to the fulfillment of coordinated plans for joint integration measures and long-range special programs and are aimed at the gradual convergence and equalization of the economic developmental levels of the CEMA countries.

In order to satisfy the ever-increasing demands of the CEMA nations for electric energy, petroleum, gas, metal and other raw materials, the IIB is aiding in the implementation of programs for cooperation by the CEMA countries in the continued intensive development of fuel, power engineering and raw material branches of the economy. As we have already noted, IIB credit extended for the construction of enterprises in power engineering and the fuel industry accounted for around 80 percent of total credit on 1 January 1979.

A convincing example of the effectiveness of multilateral cooperation in large-scale integration projects can be seen in the development of the Orenburg gas condensate deposit and the construction of the Soyuz gasline through the combined efforts of the CEMA countries (Bulgaria, Hungary, the GDR, Poland, Romania, the USSR and the CSSR).

In a message addressed to the collectives of construction and installation organizations and all participants in this construction project, Comrade Leonid Il'ich Brezhnev, general secretary of the CPSU Central Committee and chairman of the Presidium of the USSR Supreme Soviet, remarked that "this grand project has become a convincing example of the development of new forms of cooperation by the socialist countries in the resolution of key economic problems on an egalitarian and mutually beneficial basis."

The agreements concluded by the IIB with borrowers in regard to the crediting of the Soyuz gasline represent one example of the way in which the premises of the Comprehensive Program on the development and improvement of currency, financial and credit relations between the CEMA countries are being implemented.

The integration basis of these agreements consists of the multilateral principle in IIB relations with its borrowers and close interaction by the crediting and accounting mechanism and the conditions for the joint participation of nations in the financing of the gasline project. The IIB is extending credit to the countries participating in the project, at their request, in transferable rubles for payment for construction and installation work, and in freely convertible currency for payment for imported pipes, compressor station assemblies and the construction machinery, equipment and materials purchased in the capitalist countries.

The system of crediting and accounting envisages that total credit will be distributed equally among countries participating in the project. This created equal opportunities for all of the nations taking part in the financing of the project. An important role was played by credit in transferable rubles, used to pay for deliveries of equipment from the CEMA nations, guarantee the payment of wages to construction workers, acquire local materials and finance reciprocal services performed for one another by organizations in the countries participating in the project. With the aid of credit in transferable rubles, the linear section of the gasline was constructed and production facilities, residential communities and cultural and consumer facilities were established.

The IIB established business relations with several large banks in the industrially developed capitalist countries for the crediting of the Soyuz project in freely convertible currency and concluded bargains with these banks on a mutually beneficial basis.

The crediting of the Soyuz gasline has always been a matter of central concern for the IIB Council and Board. The heads of delegations of representatives to the IIB Council--the chairmen of the national banks of CEMA countries--visited the site and highly commended the production achievements of the builders.

The experience in organizing the crediting and accounting of the Soyuz gasline will be used in the future to solve problems connected with the crediting of large projects.

The following are some of the other projects now being financed in the CEMA countries and Yugoslavia.

The enlargement and remodeling of the Tatra Motor Vehicle Plant in the CSSR, specializing in the production of trucks with a large carrying capacity (12 tons or more) and rough-road performance. The credit is being used to purchase flowline equipment, metal-cutting tools and other modern equipment, as well as for the financing of construction and installation work. As a result of the enlargement of production capacities at this plant, the output of trucks in 1980 will be double the 1972 output and shipments of vehicles to the bank's member nations will increase substantially. Preparations are being made at the plant for the manufacture of new models with high-power engines that are specially adapted for the severe driving conditions of the Soviet Union's Far North.

The electrification and remodeling of railroads in Hungary. Part of the credit is being used for the electrification of the Szob-Budapest-Lokoshaza Railway line and another part is being used to convert railroads adjacent to the main railway to diesel power. Credit has financed the acquisition of diesel locomotives and other equipment which will increase the operational capacities of the Hungarian railroad. The augmentation of their through capacity is in the interest of bank members, who ship large quantities of freight through the Hungarian People's Republic.

The comprehensive development of the Hungarian aluminum industry, including the enlargement of a light-weight metal plant in Szekesferhervar and an aluminum plant in Ajka and the exploitation of the Bito-II bauxite mine. This will aid in satisfying Hungary's demand for aluminum products and ensure its fulfillment of obligations with respect to the delivery of bauxite, alumina and aluminum products to the bank's member nations. For example, as a result of the enlargement of the Szekesferhervar Plant, the output of semimanufactured aluminum products will increase by more than 60 percent, while the exploitation of the Bito-II bauxite mine will increase the yield of bauxite to 400,000 tons a year.



The enlargement of production capacities at the Umfortekhnik Combine in the GDR--one of the largest enterprises for the production of heavy presses and various assemblies, technological lines and instruments for sheet metal production. The credit extended by the bank has made it possible to increase this output by more than 40 percent. These products are in great demand and are shipped to such large enterprises in the bank's member nations as the Kama Motor Vehicle Plant in the USSR, the Ikarus Plant in Hungary and the Tatra Plant in the CSSR.

The remodeling and enlargement of the Fortschritt-Landmaschinen Combine in the GDR for the production of agricultural machines. The use of this credit will make it possible to increase the output of highly productive and world-renowned harvesting combines, which will promote the further intensification of agricultural production in the bank's member nations.

The construction of the Novovolynsk Plant for special technological equipment in the USSR. The automatic lathes and automatic production lines from this plant will be widely used at machine-building enterprises in the nations belonging to the bank.

The reconstruction (remodeling) of enterprises in Romania which suffered earthquake damage in 1977. Almost all of these enterprises have already been restored and are producing goods needed by the Romanian national economy.

The remodeling and enlargement of capacities at a wool-washing factory in the MPR. The credit assistance of the IIB guaranteed the start-up of operations at the factory in January 1979. The achievement of this projected indicator will provide textile enterprises in Mongolia with high-quality raw materials and increase the nation's export resources. More than 60 percent of its total output will be exported annually to the bank's member nations.

The acquisition of new highly productive equipment for the production of instruments and brakes at the Polmo Plant in Poland. The enlargement of this plant's capacities will considerably increase shipments of Polish braking equipment for large-capacity trucks manufactured at the Kama Motor Vehicle Plant in the USSR. In turn, this will increase deliveries of trucks from this Soviet plant to Poland.

The enlargement and modernization of agricultural machine production units at the Agromet and Agromet-Kraj combines in Poland. The augmentation of this production with the aid of IIB credit will contribute to the satisfaction of Polish agriculture's need for modern agricultural machinery and increase exports of this machinery to the interested CEMA countries.

Special mention should be made of the credit extended for the enlargement and modernization of the Tang Instrument Plant in Yugoslavia. This is the first loan extended by the IIB to a country that is not a member of the bank. As a result of the remodeling work, production output at the



Tang Plant will more than double and the growth of export shipments will be more than 7-fold. The use of credit in transferable rubles and the repayment of this credit by means of income earned from the export of products to the CEMA nations will create the necessary conditions for expanding the sphere of application of the CEMA nations' collective currency--the transferable ruble--beyond the boundaries of the CEMA countries' system of multilateral transactions.

More than half of the projects financed by the IIB have already been completed and are already producing commodities needed by the bank's member nations. From these enterprises, the socialist market is receiving high-power trucks, comfortable buses, railway cars, electrical equipment and electronic devices, instruments and equipment, non-ferrous metals, high-quality fabric and other goods in great demand in the CEMA countries. Some of these products are being exported to the developed capitalist nations and the developing countries.

Exports of products to the CEMA nations from enterprises financed through IIB credit now amount to 1 billion transferable rubles each year. By the end of the current 5-year period, exports of products from enterprises of this kind will exceed 6.5 billion transferable rubles, which corroborates the high effectiveness of IIB credit.

It should be noted that IIB credit is promoting developed commodity turnover not only between the bank's member nations, although this is our main objective.

IIB credit is used to pay for equipment components imported from the industrially developed capitalist countries for projects being credited. In turn, the nations belonging to the bank export machines, equipment, buses, gourmet foods, industrial consumer commodities, semimanufactured goods, raw materials and other commodities in demand to the industrially developed capitalist nations and developing countries.

The development of the IIB's crediting activities shows that the premises of the Comprehensive Program, envisaging the necessary expansion of systems of medium-term and long-term crediting through the bank in the common interest of the CEMA countries, are being implemented successfully.

In addition to using existing forms of credit, the International Investment Bank is now working on the creation of special funds in the bank, consisting of contributions from interested countries for the financing of joint construction projects in industry and agriculture. The creation of these funds and the concentration of multilateral cooperative project transactions in the bank will further expand the possibilities and sphere of application of the transferable ruble and develop the system of multilateral transactions.

It must be noted that there are still some unsolved problems in the area of IIB crediting activity, particularly those connected with the guaranteed shipment of equipment for projects being credited. The IIB is energetically

working on these problems with planning and foreign trade agencies in the CEMA countries and the concerned CEMA agencies. The complete resolution of these problems will heighten the effectiveness of IIB credit even more in the mutual interest of the CEMA countries.

The concentration of part of the capital investment resources of the CEMA countries in the IIB and the extension of credit for the construction of new enterprises and the remodeling and enlargement of existing ones are also connected with the planning of foreign trade with respect to shipments of equipment and materials for projects credited by the IIB and exports of products from enterprises that have already been opened for operation with the aid of IIB credit.

When the IIB extends credit and oversees its designated use, it devotes special attention to the delivery of equipment and materials according to plan for the projects being credited and, after the projects have been completed, it ensures that exports of products to interested countries are made at the time and in the quantities agreed upon when the credit is extended.

As a result of measures taken by concerned agencies in the CEMA countries and the IIB, the problem of delivering the necessary equipment and materials for credited projects according to plan and on the specified delivery dates is being resolved positively as a whole. The bank extends credit only for payment for equipment that has actually been shipped and has arrived on the construction site. Most of the credit facilities are constructed in accordance with specified schedules and begin operating on the specified dates.

There have been some delays, however, in the conclusion of contracts between the bank's clients and the suppliers of equipment and in the deliveries of this equipment, which slow down the construction and remodeling of facilities and have a negative effect on their scheduled start-up. The IIB, its clients and authorized agencies in the CEMA countries are striving to eliminate these shortcomings.

The effective functioning of IIB credit in the sphere of capital investments and the subsequent production of goods desired by the CEMA countries are based on good business cooperation between the bank and planning, foreign trade and financial agencies in the nations and the corresponding agencies of the Council for Mutual Economic Assistance.

The findings of a survey conducted by the bank indicate that each nation is, to some degree, simultaneously an exporter and importer of equipment for projects financed by IIB credit. The extension of credit by the IIB for payment for equipment for projects in one particular nation has a positive effect on the payment status of the nations supplying this equipment.

For the further development of IIB activity on a planned basis, it would be helpful if shipments of equipment for credited facilities and exports of products from these facilities were to be stipulated in trade agreements and

annual protocols on commodity turnover. The attainment of the same goals could also be promoted by a procedure by which credit extended by the IIB and subject to repayment would be taken into account in transactions between countries on a bilateral or multilateral basis during the coordination of national economic plans and foreign trade volumes by the CEMA countries. This would augment the role of the transferable ruble even more as a means of credit and payment in the foreign economic relations of the CEMA countries.

Intensive preparations are now being made in the CEMA countries and council agencies for the coordination of national economic plans and foreign trade volumes for the next 5-year period, as well as the compilation of a coordinated plan for multilateral integration measures.

In connection with this, the IIB is planning and implementing measures aimed at the further development of crediting activity with a view to the extension of loans to promote the continued economic development and stronger economic cooperation of bank members, particularly measures specified in the long-range special cooperative programs and the coordinated plan for multilateral integration measures by the CEMA countries.

Just as in the past, bank credit will be extended primarily for the construction and remodeling of facilities ensuring the acceleration of scientific and technical progress, as well as the technical re-equipping and modernization of existing production enterprises.

The IIB now represents a large international credit organization of a new type, occupying a prominent place in the CEMA nations' system of socialist currency, financial and credit relations. The IIB has earned a good reputation in banking circles throughout the world.

The International Investment Bank has good developmental prospects and will direct its crediting activity toward the further consolidation of the economic strength of bank members, the gradual convergence and equalization of their levels of economic development and the successful attainment of objectives specified in the Comprehensive Program for Socialist Economic Integration.

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## INTERNATIONAL ECONOMIC RELATIONS

### CEMA COOPERATION IN MATERIAL-TECHNICAL SUPPLIES DISCUSSED

Moscow MATERIAL'NO-TEKHNICHESKOYE SNABZHENIYE in Russian No 5, 1979  
pp 3-10

[Article by N. Martynov, chairman of the CEMA Committee on Cooperation in the Field of Material and Technical Supplies, chairman of Gosstab USSR: "The Most Dynamic Economic System"]

[Text] Under the leadership of the communist and workers' parties, thanks to the constructive labor of their peoples, and as the result of the mobilization by each country of its own resources and also of the development and deepening of comprehensive cooperation within the Council for Mutual Economic Assistance -- the first inter-state economic organization of a socialist type which is celebrating its thirtieth anniversary in 1979, -- the CEMA member countries have achieved large successes in the construction of socialism and communism and in economic, scientific, and technical development. The principles of socialist internationalism, respect for state sovereignty independence, and national interests, full equality mutual advantage, and comradely mutual assistance lie at the basis of the operations of the CEMA.

In three decades the per capita production of industrial output in the CEMA countries increased by more than 8 times, while the average world indicator increased by only 3.2 times. While in the early 1950s these countries accounted for around 19 percent of the industrial output produced in the world, at the present time they produce approximately one-third of it.

The development of socialist industry has made it possible to create and to constantly strengthen the material and technical base of socialist agriculture. In three decades labor productivity in the CEMA countries increased by 5 times. A steady growth of national income is a very important source for improving the well-being of the populations of the CEMA countries. Compared to 1950, in the CEMA countries as a whole in 1977 the amount of per capita national income increased by 5.3 times. The socialist commonwealth is now the most dynamic economic system in the world.

As the economies and mutual trade of the countries have developed and as the international socialist division of labor has deepened the CEMA states have been faced with the task of a further improvement and deepening of economic cooperation. Of great importance is the work being performed by the Council for Mutual Economic Assistance on the coordination of the five-year plans for economic development and also measures connected with production specialization and cooperation, which make it possible to solve the problems of social production more rationally and efficiently. In 1971 the Overall Program for the Further Deepening and Improvement of the Cooperation and for the Development of the Socialist Economic Integration of the CEMA Member Countries was adopted at the 25th CEMA Session. Socialist economic integration embraces the spheres of foreign trade, science and technology, and material production which is developing under the conditions of the scientific and technological revolution, and also such processes of economic operations as planning and material and technical supply.

In 1975 an important new step was made in the development of cooperation in the field of planning. The developed forms and methods of coordinating the national economic plans of the fraternal countries was supplemented by the development of a Coordinated Plan of Multilateral Integration Measures of the CEMA Countries for 1976-1980. The total estimated cost of the joint measures which have been included in it for the construction of facilities and the creation of new production capacities comes to approximately 9 billion transferable rubles, while the expenditures for the solution of scientific and technical problems come to around 600 million transferable rubles.

The "Soyuz" main gas pipeline, the Ust'-Il'msk Cellulose Combine and the Kiyembayev Ore Concentrating and Asbestos Combine, the Vinnitsa (USSR)-Al'bertirsha (Hungarian People's Republic) electric transmission line: This simple list characterizes the dimensions of the most important integration measures of the fraternal countries. And it could be continued.

A General Agreement on cooperation and creation of new capacities for the production of nickel and cobalt containing output in the Republic of Cuba is being realized. The International Geological Expedition consisting of specialists from the CEMA countries is performing a large amount of geological surveying work in the Mongolian People's Republic. Multilateral cooperation is being carried out in the construction of additional capacities for the production of iron containing raw materials on the territory of the USSR.

At the 30th-31st meetings of the CEMA Session decisions were adopted on the development of long-term special-purpose cooperation programs. Today they are defining the coordinated strategy of cooperation of the



socialist countries for the long term in the relevant fields of material production and are a development of the Overall Program. The basic purpose of the measures included in the long-term-special-purpose programs is to provide for economically valid needs for energy, fuel, raw materials, food products, the means of production, and advanced technology.

The realization of the long-term-special-purpose cooperation programs is helping to ensure the steady development of the economies of the CEMA countries and a further rise in the standards of living in their populations, the equalization of the levels of economic development of the fraternal countries, wide participation in measures connected with production specialization and cooperation, the assimilation of advanced scientific and technical achievements and an increase on this basis of exports.

## II

Material and technical supply which is playing an ever increasing role in the successful realization of the social and economic development plans of the fraternal socialist countries is an important field of economic and scientific and technical cooperation and of the development of socialist economic integration. Cooperation by the CEMA countries in the field of material and technical supply began to develop at the end of the 1960s. During this period central state agencies which provided for the planned organization of the processes of sales and supplies were created in most of the socialist countries. They conducted an active exchange of experience, jointly worked on the problems of improving the work of sales and supply organizations, and regularly held international symposiums.

The bilateral relations which had become established between the central supply organizations of the individual countries were the basis for the development of their multilateral cooperation whose organization was made the responsibility of the CEMA Committee for Cooperation in the Field of Material and Technical Supply which was created in 1974 and which organizes its work in the following basic directions: the rational use of material resources; an expansion of the exchange of production and technical output; an improvement in the organization and management of material and technical supplies involving the use of mathematical economic methods and computer equipment; the development of warehouse and packaging work; an improvement of the legal aspects of sales and supplies; an improvement and expansion of the use of secondary raw materials; the training of cadres and the advanced training of specialists in material and technical supply.

The development of proposals connected with the solution of the above problems is carried out in the permanent and temporary working groups which are created by the Committee.



In past years the Committee has examined a wide range of problems in whose top-priority solution the central supply agencies of fraternal countries are interested. Among the projects which have been approved and recommended for realization the following may be singled out: A complex of measures and recommendations on the rational use of material resources; basic regulations on the organization of an exchange of surplus and unused output among the CEMA countries; methods for determining resources of individual types of secondary raw materials; a products list of output recommended for shipment in packets and containers in light packaging; a system of indicators for evaluating the work of sales and supply organizations; and a complex of methodological materials on the designing and introduction of automated management systems for material and technical supply.

The Committee attributes paramount importance to the work on ensuring an overall economic use of raw materials, materials, and fuel and energy resources. The great national economic importance of this problem has been repeatedly emphasized in the decisions of the congresses of the communist and workers' parties of the CEMA countries. Today in the Soviet Union alone a 1 percent decrease in expenditures is equal to an annual economy of 12 billion kilowatt-hours of electric energy, around 6 million tons of petroleum and gas condensate, more than 7 million tons of coal, 1.2 million tons of rolled ferrous metals, 1 million tons of mineral fertilizers, and 55,000 tons of paper.

Special programs on economizing material resources are being developed in many CEMA countries. Material and technical supply agencies are playing an important role in preparing them. Thus, on the basis of overall programs for a decrease in the materials intensiveness of production, the national economic plans of the GDR provide for annual assignments for the branches for an additional production of output on the basis of the introduction of progressive types of materials and technological processes, a decrease in losses during raw materials processing, and other economic directions.

In the People's Republic of Bulgaria similar programs are worked out by the Ministry of Supply and State Reserves, not only in a branch but also in a territorial breakdown, and their fulfillment is accomplished with the active participation of local party, state, and public organizations.

In the Polish People's Republic the Ministry of Material Economy prepares and realizes jointly with branch agencies measures to reduce the consumption of and find replacements for the most scarce types of raw materials and materials, and also to draw above-norm stocks of output into economic circulation.

In the Soviet Union concrete assignments are established in the national economic plan to reduce the expenditure of the most important types of output in industry, construction, and agriculture and to introduce progressive new types of materials. Such mass public organizations as the trade unions and the komsomol join in the struggle to economize material resources. Since 1976 Gosplan USSR jointly with the All-Union Central Council of Trade Unions and the Central Committee of the Komsomol have been carrying out annual All-Union Public Inspections of the effectiveness of the use of raw materials, materials, and fuel and energy resources. Their goal is the development and realization of organizational and technical measures which ensure the fulfillment of the established assignments on economizing material resources, a better use of production wastes, a decrease in losses of raw materials, materials, and fuel, and a wide dissemination of the experience of the advanced collectives of enterprises, construction sites, and scientific research and planning organizations. During two years of the five-year plan the inspection participants made around 8 million proposals whose realization has made it possible to economize thousands of tons of metal, fuel, and cement, billions of kilowatt-hours of electric energy, and a large amount of timber materials. The amount of additional output which was produced from the economized material resources came to more than 1.5 billion rubles.

In order to unite the efforts and deepen the cooperation of the CEMA countries in this field in 1978 the Committee prepared and recommended for realization a "Complex of Measures and Proposals on the Rational and Economic Use of Material Resources." It includes more than 200 concrete proposals and measures connected with the rational use of 42 of the most important types of output on the basis of an expansion of cooperation between the fraternal countries in the development of progressive designing solutions, an improvement of technological processes, an improvement of the safeguarding of material resources during the process of transportation and warehousing, and an expansion of the collection processing of secondary raw materials. The realization of individual measures in the "Complex" has already been provided for in the work plans of the relevant CEMA agencies, while for others a certain amount of work still has to be done.

A number of proposals in the above document have been reflected in the long-term special-purpose cooperation program in energy, fuel, and raw materials which was approved at the 32nd meeting of the CEMA Session. In particular, measures have been stipulated on reducing losses of fuel and energy in all of the branches of the economy and on ensuring an economy of copper in machine building and in the electrical engineering, radio engineering, and electronics industries.

At the present time concrete measures are being worked out in the Committee to reduce losses of fuel during its transportation, storage, and loading and unloading operations, and also during the process of its consumption.

The creation of a new technology which provides for the development and introduction of special additives to liquid types of fuel which bring about fuller combustion and also additives to motor lubricants is an effective direction of cooperation. I would also like to emphasize the importance of such a direction of economizing fuel as the organization of its delivery to consumer in small packaging which is performed on automated flow lines.

The Committee has begun to develop proposals on economizing copper in the individual branches of industry. For example, the use of bimetal strips instead of copper, brass, or bronze rolled goods yields a large economy of copper. Progressive methods have been developed in the Soviet Union for producing such bimetals as aluminum-copper or copper-aluminum-copper. Their use produces a copper economy of up to 70 percent and decreases the weight of structures by more than 2 times. There should be a substantial expansion of the production and products lists of the bimetals being produced, including on an iron basis.

A large amount of copper is expected for the production of trolley lines and of the collectors of electric machines. During the process of their use abrasion gives rise to irretrievable losses in the form of "copper dust." These losses can be greatly reduced by means of increasing the production of copper rolled goods, alloy cadmium, magnesium, zirconium, and other additives which increase abrasion resistance by 3 times.

The "Complex" also provides for a number of technological and organizational and technical measures which ensure a substantial economy of material resources. Suffice it to say that the replacement of cupolas in casting shops with induction furnaces as the technical basis for the production of synthetic iron and high-strength iron with ball-shaped graphite ensures a decrease of more than 20 percent in the metal intensiveness of casting products, which with the present dimensions of the use of casting will as early as the next five-year plan bring about an economy in the CEMA countries as a whole of 1.2 to 1.8 million tons of casting iron. The effectiveness of the continuous steel smelting method is determined by the fact that the specific expenditure of steel per ton of rolled goods when casting billets are used is reduced by 10 percent.

A substantial decrease in the expenditure of refractory materials in ferrous metallurgy can be achieved by various methods which take account of the experience and special characteristics of the production of the CEMA countries. Here are some of them. The use of a monolithic lining in steel casting ladles (Hungarian People's Republic, Polish People's Republic, Socialist Republic of Romania, USSR, Czechoslovakian Socialist Republic). Non-plug steel casting (Hungarian People's

Republic, Polish People's Republic, USSR). The use of dolomite resin refractory materials in lining converters (Polish People's Republic, USSR, Czechoslovakian Socialist Republic). The use of fire resistant blocks, bentonites, and masses in the construction and repair of the heating furnaces of rolling shops (GDR, Polish People's Republic, USSR).

While placing a high value on the work which has already been done in the rational and efficient use of material resources, it should be emphasized that there are substantial unutilized reserves in this field.

Cooperation is developing on an effective exchange in the CEMA countries of production and technical output. The central supply agencies of the fraternal countries have created special organizations in their countries to carry out exchange operations. An effective exchange of unutilized output makes it possible to improve the assortment of supplies for the needs of the CEMA countries and to bring surplus material resources into economic turnover.

In accordance with the decisions of the 32nd CEMA meeting, measures are being planned for a further expansion of an effective assortment interchange, for a close coordination of the work of sales and supply agencies and foreign trade organizations, industrial ministries, and associations, and for an acceleration of the coordination and composition of the necessary documentation.

Some additional information about certain directions of joint work which is promoting the more effective use of material resources.

CEMA country specialists have concluded an analysis of tendencies for changing the level and structure of material stocks which has demonstrated the effectiveness of concentrating them at the bases of sales and supply organizations. The Committee has recommended that the countries make use of the materials of the analysis in the work of their supply agencies.

The Committee has approved the methodological principles of norm setting for stocks of production and technical output. The next step will be the preparation on their bases of standard methodological recommendations on norm setting for stocks which are with consumers, at the bases of supply agencies, and with output producers.

The material and technical supply agencies of the CEMA countries are devoting a great deal of attention to expanding the use of production and consumption wastes. The Committee has recommended a methodology for determining the resources of individual types of such wastes for use in the fraternal countries. Gosnab USSR has approved it as a normative document for secondary raw materials organizations in determining resources for current and future periods.



The extent of the importance of the use of this source of resources can be demonstrated through the following examples. In the Soviet Union every fourth ton of paper and cardboard and every fifth ton of nonferrous metals and sulphuric acid is produced through the use of secondary resources. In CEMA countries the proportion of waste paper is constantly growing in the production of paper and cardboard.

Calculations show that the level of utilization of production and consumption wastes can be increased. This contains an important reserve for economizing in basic types of material resources. Thus, during the years 1971-1977 the collection and processing by the secondary raw materials enterprises of the system of Gosnab USSR of waste paper, secondary textile materials, broken glass, worn out tires, and polymers made it possible to economize more than 50 million cubic meters of commercial timber, 2.7 million tons of cotton, wool, and other fibrous material, more than 660,000 tons of synthetic rubber, and around 760,000 tons of potassium and to produce more than 6.8 billion rubles worth of various types of industrial output and consumer goods.

Cooperation on the use of secondary raw materials is also being carried out by means of a systematic exchange of information on the technological processes of processing production and consumption wastes and on the equipment used here. In particular, on the basis of such information equipment has been purchased in the GDR and the Polish People's Republic for the secondary raw materials enterprises of Gosnab USSR for the processing of textile wastes and the production from them of non-fabric materials of various functions. At the present time the Committee is working out proposals on improving the satisfaction of needs for equipment for the collection, transportation, and processing of individual types of secondary raw materials by means of expanding its production in the CEMA countries and curtailing imports from third countries.

### III

A further development in improvement of warehouse and packing work is of great importance. For this reason work is being actively performed in the CEMA countries on the designing and construction of new bases and warehouses, the introduction of effective means of mechanizing loading and unloading and warehouse operations, and economical systems of packaging. In order to accelerate the accomplishment of these tasks the Committee has prepared, in particular, norms for the technological designing of the packaged piece output warehouses, a catalog of machinery and equipment for outfitting sectors for the preparation of output for production consumption, recommendations on the siting of supply agency bases and warehouses, uniform parameters for unified



freight units of packaged piece freight and long and sheet materials, and a products list of output which is proposed for shipment in containers without transportation packaging or in light packaging.

The effectiveness of the realization of these projects can be demonstrated through the following examples. Jointly developed parameters for unified freight units were at the basis of the standard "Types, Basic Parameters, and Sizes of Transportation Packets for Long Freight" which was approved in the USSR in 1978. This standard introduces a uniform procedure for forming packets for long output (ferrous and nonferrous metals and timber materials) which makes it possible to mechanize loading and unloading and transportation and warehouse operations along the entire freight route from supplier to consumer. The economic effectiveness from decreasing labor and material expenditures for this work will come to 17.5 million rubles in 1980 for the economy as a whole.

Gossnab USSR has proposed that USSR ministries and departments be guided by the list of output which has been recommended for shipment in containers without packing and in light packing. Its introduction will make it possible to obtain an economy on the volume of shipments in 1980 on the basis of reducing packaging expenditures as follows: 48 million rubles for industrial freight, 17.6 million rubles for light industry output, 2.3 million rubles for agriculture, and .8 million rubles for the food industry.

At the present time the Committee is completing the preparation of proposals on the optimal parameters for warehouses of various capacities and functions, of a technical plan for a modern high rise warehouse, a collection of standard schemes for the technological processes in the warehouse processing of freight and of interconnected types of relevant equipment, and the technical specifications for the quality of the basic packaging materials and also for the equipment which is used in packing output and transportation packaging. As a result of a commission from the CEMA Executive Committee to organize the development of proposals on satisfying the needs of the fraternal countries for packing and packaging materials of interbranch use, the Committee has ascertained the future needs of the countries and is preparing proposals aimed at satisfying them.

Serious attention is also being devoted to the organization of cooperation for such problems as an improvement of the methods of managing material and technical supplies, including with the use of computers, and the training and advanced training of material and technical supply specialists.

During the last three years alone, on the basis of a study and analysis of the work experience of supply agencies, specialists from the CEMA countries have jointly prepared their recommendations on improving the system of planning indicators, the evaluation and stimulation of sales and supply work, and the methods of measuring labor productivity and sales and supply organizations, proposals on increasing the role of economic contracts, and a complex of methodological materials on planning and introducing automated management systems for material and technical supply. Joint development work is now being done on standard solutions for the individual problems of managing the processes of sales and supply, including determining the needs for material resources, the development of supply plans, and the management of stocks and warehouse processes.

A procedure has been agreed upon in the Committee for cooperation among the supply agencies of the CEMA countries in increasing the qualifications of cadres. On its basis an exchange of teachers is being carried out and specialists from other countries are undergoing short-term training in the relevant national centers. Thus, in 1976-1978 Mongolian specialists underwent a course of training in the People's Republic of Bulgaria, the GDR and the USSR. Soviet teachers have given lectures for specialists from the People's Republic of Bulgaria. The relevant national centers for the training of cadres are making wide use of jointly developed teaching methods materials for the study of the individual subject of material and technical supply and standard curricula for increasing the qualifications of middle-echelon management specialists, economists, commodity experts, warehouse workers, and stacker-crane operators.

The cooperation of the central supply agencies of the CEMA countries is undoubtedly helping to improve and increase the effectiveness of material and technical supply. At the present stage the Committee is devoting its basic attention to carrying out the decisions of the 22nd meeting of the Council for Mutual Economic Assistance and, first of all, the measures included in the long-term special-purpose programs for cooperation in the rational use of material resources. At the same time, work is being carried out to improve the organization of multilateral cooperation in the field of material and technical supply and of the work of the Committee: in particular, the priority directions for the work of the latter have been determined, and the necessary measures have been taken to improve the planning work of the Committee and of its working agencies and to increase the speed with which problems are considered.

The comprehensive and constantly developing and deepening economic and scientific and technical cooperation of the fraternal CEMA countries in the field of material and technical supply is an important factor which

is actively promoting the accomplishment of the constructive tasks of socialist and communist construction, a steady and dynamic growth of economic potentials, and a strengthening of the solidarity of the socialist commonwealth.

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## INTERNATIONAL ECONOMIC RELATIONS

### JOINT VENTURE WITH JAPANESE IN SIBERIAN DEVELOPMENT

Tokyo KYODO in English no time given 10 Aug 79

[Text] Tokyo, 10 Aug, KYODO--The Soviet Government is considering the possibilities of switching its consistent 'Production Sharing (PS)' formula of various Siberian development projects to a joint venture formula, a Japanese business leader reported Friday.

The businessman well versed in Siberian development affairs said the Kremlin is likely to propose a switch to a joint venture formula at the forthcoming eighth joint session of the Japan-Soviet Economic Cooperation Committee, of Tokyo, and the Soviet-Japan Economic Cooperation Committee, of Moscow, in Moscow 24 September.

The Japanese committee is a purely private organization made up of Japanese businessmen, while its Russian counterpart is also 'private' in nature but actually governmental.

According to the business leader, the Soviet authorities are in favor of the switch, originally proposed by Japan during the last 14-16 February meeting in Tokyo of the executives of the Japanese and Soviet committees.

The Japanese had suggested that it would be more effective for realizing new Siberian development projects with Japanese cooperation if the Japanese were allowed to act as managerial, technological or other partners on a joint venture basis, instead of just helping finance such projects as they had been asked under the Russian PS formula.

The Russians had proposed many such projects in the past series of joint committee sessions.

But only a few, including a pulp-producing forestry development type, has so far been realized because the Russians stuck [? to] the PS formula.

Quoting some members of the Japanese committee, the businessman said the PS formula has become unfit for Japanese industrial circles concerned, especially due to recent abundance of international raw material supplies, and the slowdown in Japan's economic growth after the 1973 international oil crisis.

Receiving shares of Soviet products in the form of repayments may have been welcome when Japan was short of raw materials but the majority of Japanese industrialists concerned no longer want repayments in material except, perhaps, oil, he said.

A pending Soviet plan to build a new steel mill through Japanese financial help and send the resulting steel goods to Japan in return is a typical instance, he added.

The businessman, however, hardly expected any immediate agreement to be reached on the prospective Soviet formula switch proposal at the coming Moscow meeting.

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## INTERNATIONAL ECONOMIC RELATIONS

### JOINT SOVIET-WEST GERMAN FIRM DESCRIBED

Moscow SOTSIALISTICHESKAYA GAZETA in Russian 6 Jul 79 p 3

[Article by O. Nikiforov: "A Wide Palette"]

[Text] Not far from Cologne, in a thick pine grove, a building rises. The inscription at its gate reads: "Neotype-Tekhnasheksport." The company began its work...in 1974 with deliveries to the markets of the Federal Republic of Germany of Soviet printing equipment. But would it not have been simpler to deliver it directly from the USSR? It turns out, it would not have been. For every market, especially in the capitalist countries, has its own characteristics, different standards, and so forth. To reorganize a plant production process for the sake of selling relatively small consignments of goods in the west would be uneconomical. In addition, it is necessary to know which commodity "is going" now, and which will be going in a half year. Briefly, it is necessary to have a good knowledge of market conditions, to take account of demand, and to have a well-organized service and spare parts warehouses. It is here that such a form of commercial cooperation as mixed companies has been useful.

"We began on a small scale," one of the directors of the company, S. G. Ishchenko says, "with typesetting machines and the accompanying printing equipment. Then we moved on to other groups of commodities. In four years the sale of the output sold by "Neotype-Tekhnasheksport" increased by four times. Having begun with the Federal Republic of Germany "Neotype-Tekhnasheksport" soon expanded its operation to all of western Europe, the Near East, and Africa. At the present time its sales network already exists in 16 countries."

One of the leading share-holders is the All-Union "Tekhnasheksport" Association. The palette of its deliveries through the mixed society is quite wide. In addition to printing equipment, electronic products, fittings, and textile and food equipment is also produced.

"This year," S. G. Ishchenko continues, "we succeeded in coming out onto the market of the Federal Republic of Germany with Soviet textile machine tools. We are planning to begin the sale here of our refrigerators."

"Neotype-Tekhmasheksport" attributes great importance to cooperation. Quite interesting forms of collaboration have been developed in this field.

"Sales cooperation," S. G. Ishchenko says, "is being carried out in several directions. We often cooperate in "direct" deals with local specialized companies, selling various products with their assistance in the sale of which they have more experience. In bilateral contacts we try to coordinate our exports with imports."

But the specialists of "Neotype-Tekhmasheksport" have gone further. The All-Union "Tekhmasheksport" Association and the "Neotype-Tekhmasheksport" Society jointly with the Ministry of Machine Building for the Light and Food Industries and Household Appliances have succeeded in enlisting West German companies which are interested in the development both of sales and production cooperation. Machine models have already been selected -- textile and garment -- as possible models for cooperation. While for the industrial sewing machine of the 1022 Class this kind of cooperation is a reality.

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## INTERNATIONAL ECONOMIC RELATIONS

### SEMINAR ON SOVIET-FRG RELATIONS HELD

Moscow EKONOMICHESKAYA GAZETA in Russian No 30, Jul 79 p 21

[Article by Yu. Krasnov: "Useful Contacts"]

[Text] At the end of June 1979 a seminar on the topic "Relations Between the USSR and the FRG on the Eve of the 10th Anniversary of the Moscow Pact" was held in the city of Cologne. It was organized by the Union of Soviet Friendship Societies, the "USSR-FRG" Society, and the West German Federation of "FRG-USSR" Societies. The Soviet delegation to the seminar was led by the Chief of the International Information section of the CC CPSU and Chairman of the Board of the "USSR-FRG" Society L. N. Zamyatin.

The seminar participants -- public figures, economic workers, scientists, and economists -- considered the problems of the development of friendly relations between the two states and the problems of disarmament and of strengthening security in Europe. Attention was also given to economic and scientific and technical cooperation between the USSR and the FRG.

It was noted at the seminar that during the years the Moscow Pact has been in effect foreign trade between the two countries increased by almost six times and in 1978 exceeded 3.3 million rubles. At the present time Soviet foreign trade organizations are buying a substantial proportion of the equipment which is imported by the Soviet Union from the capitalist countries from FRG companies.

According to West German statistics in 1978 the USSR's proportion in the total amount of West German exports of cold rolled sheet was 31 percent and of machine tools and forging and pressing equipment -- 11 percent. In their turn, deliveries by Soviet trade organizations have begun to play an increasing role in supplying the economy of the FRG with energy carriers, raw materials, semi-finished goods, and a large number of products of the processing industry. In particular, the proportion of Soviet deliveries in FRG imports comes to 20 percent

for natural gas and asbestos, 17 percent for appatite concentrate, and 13 percent for timber materials. Commercial contacts are taking on an increasingly long-term and large-dimension character.

The seminar participants noted that the cooperation between the two countries is increasingly going beyond the framework of a simple commodity exchange and is being enriched by industrial cooperation and scientific and technical exchanges. At the present time a large number of projects in the sphere of industrial cooperation are at the stage of preparation or realization. More than 100 FRG companies and organizations have scientific and technical contacts with Soviet organizations, and agreements have been concluded with 31 companies on long-term scientific and technical cooperation.

Compensation deals was one of the basic questions discussed in Cologne. According to the calculations of Soviet economists, more than one-fifth of the deliveries of goods in both directions is carried out according to such deals. West German economists believe that no less than 70,000 FRG workers and employees are working this year on orders from Soviet organizations in line with compensation deals. Given listless market conditions and the existence of a million unemployed in this country this cannot be underestimated.

However, underestimations of this kind still sometimes occur in the FRG. Doubts sometimes appear in the West German press regarding the advisability of concluding compensation agreements and about certain serious difficulties in realizing them. Assertions are sometimes heard alleging that with the help of compensation deals Soviet foreign trade organizations are preparing to "drag" goods onto the West German markets which are not needed by the FRG.

But, as practice shows, deals on a compensation basis at the present stage of cooperation are a convenient, practical, and advantageous form for both sides. The Soviet side does not deny its advantages: with the help of compensation deals it attracts additional resources for the creation of industrial facilities and accelerates the realization of industrial construction programs, which promotes an increase in the country's export potential including an increase in the production of output in which the FRG market is interested. The interest of the West German side in this form of cooperation was also discussed at the colloquium. In particular, the West German participants in the meeting noted that for FRG companies such deals served as a condition for a substantial increase in deliveries of their output -- machinery and equipment and the exportation of technological knowledge on a long-term basis. Guaranteed imports of raw materials, semi-finished goods, and individual types of energy bearers are ensured.

As the Soviet participants noted, the range of possible compensation projects is so wide that the West German side can in selecting them always take account of the country's real needs for various goods which can be delivered through compensation; for example, polyethylene gas and others which are needed by the FRG economy.

An expansion of the participation of small and medium-sized West German companies in trade with the USSR is one of the important problems which was discussed at the local colloquium. Despite an opinion which is current in the West that due to the large dimensions of their operations it is allegedly more convenient for Soviet foreign trade organizations to work with large companies, our side willingly develops commercial relations also with medium and small companies. Both in Cologne and at a recent meeting not far from the city of Hamburg of Soviet economists and a large group of representatives of small and medium enterprises a discussion was held of improving the methods of work between Soviet trade organizations and these groups of the West German commercial world. It was noted that in order to carry out the agreements reached at the highest level on assisting the participation of small and medium companies in the commodity turnover between the FRG and the USSR, several years ago the appropriate bureau was created at the FRG Embassy in Moscow and that it has become active, in many cases basing itself on the assistance and support of the USSR Chamber of Trade and Industry. The Chamber organizes information, trips for specialists, establishes business contacts and invites company representatives to markets and exhibits in the USSR. Substantial help is also given to the companies by the branch of the West German banks in Moscow. In the FRG itself direct contacts with these companies are carried out by the USSR Trade Legation.

All of these measures have produced definite results. The number of small and medium companies which have constant commercial contacts with Soviet foreign trade organizations increased from 1200 in 1975 to 1600 in 1978. According to approximate data, this group of companies now accounts for around 40 percent of the foreign trade turnover between the two countries.

The business-like exchange of opinions on Soviet-West German relations which was held in Cologne was recognized by the participants to be very useful. It took place in an atmosphere of growing trust on the part of both sides, and in accordance with the spirit of the Concluding Act of the Conference on Security and Cooperation in Europe.

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## INTERNATIONAL ECONOMIC RELATIONS

### BOOK ON CEMA INTEGRATION AND NATIONAL ECONOMIC INTERESTS

Moscow Natsional'nyye ekonomicheskkiye interesy v usloviyakh sotsialisticheskoy integratsii in Russian 1979 signed to press 9 Feb 79 no pages given

[Table of contents and brief description of book by Yu. N. Belyayev]

[Excerpts] Title Page:

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In this work socialist economic integration is examined through the prism of national and international economic interests. A number of relatively little-studied and complex problems of theory of international economic interests is analyzed. Serious attention is devoted to questions of forming national economic interests, to economic conceptions of basic problems of socialist integration. The results of the newest theoretical studies of Soviet and foreign scientist-economists, the most important Party and international documents are used extensively.

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## INTERNATIONAL ECONOMIC RELATIONS

### BRIEFS

**SOVIET-ETHIOPIAN COOPERATION**--The first session of the Inter-Governmental Soviet-Ethiopian Commission on Economic and Scientific Technical Cooperation and Trade has completed its work on Addis Ababa. Speaking at the protocol signing ceremony on the results of its work, the member of the Permanent Committee of the Temporary Military Administrative Council of Ethiopia Endale Tessenaa placed a high value on the all-round relations between Ethiopia and the Soviet Union. He stated that the Commission had mapped out concrete ways for developing Ethiopian-Soviet cooperation. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 27, Jul 79 p 21] 2959

**SOVIET-CANADIAN ENERGY RELATIONS**--The fifth meeting of the mixed Soviet-Canadian working group on cooperation in the field of energy has taken place in Moscow. Communications were heard from the sides on the state and prospects for the development of power engineering in the USSR and Canada. A thorough exchange of opinions took place on the topic and forms of a further development of cooperation which is of mutual interest. The meeting examined the questions of designing the construction and operation of hydrotechnical installations under severe climatic conditions, the designing, construction, and operation of super-high voltage electrical transmission lines, and the use and power engineering of low-calorie types of fuel. Proposals by Soviet and Canadian specialists on performing further work were discussed and a program for cooperation for 1979-1980 was approved. The protocol which was signed by the delegation notes that the development of cooperation in power engineering accords with the interests of both countries and will help with a more effective solution of energy problems. During the stay by the Canadian power engineers in the USSR they visited the Bratsk and Vilyuysk hydroelectric power stations and a number of scientific research institutes. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 27, Jul 79 p 21] 2959

**BULGARIAN TRACTORS FOR USSR**--The All-Union "Traktoroeksport" Association and the Bulgarian "Agromashinaiimpleks" Foreign Trade Organization have signed a contract for the delivery to the USSR of 500 tractors for cultivating orchards and vineyards. Previously the association had bought 4,500 of the same tractors from its Bulgarian partner; they will be received in our country this year. Recently the Soviet client was given the equipment for a chicken barn with a capacity for 2,000 which had been manufactured at an enterprise of the Hungarian "Raba" Company. These deliveries from the Hungarian People's Republic are being made within the framework of contracts between the All-Union "Traktoroeksport" Association and the Hungarian "Kompleks" Foreign Trade Enterprise. Equipment for the 1- and 2-tier maintenance of laying hens in cages is being received in our country from Hungary. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 27, Jul 79 p 21] 2959

**SOVIET EQUIPMENT CENTER IN POLAND**--A technical center of the All-Union "Stalimport" Association which supplies Poland with a wide range of metalworking equipment is being created in Warsaw. One of the center's tasks is to help to improve the qualifications of Polish specialists who service the equipment. At the present time the Polish People's Republic has operating in it around 40,000 Soviet machine tools and units of forging and pressing equipment, one-third of which was delivered from the USSR during the last three years. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 28, Jul 79 p 20] 2959

**TRADE RELATIONS WITH FINLAND**--In accordance with a contract between the All-Union "Eksportles" Association and the Finnish "Konverta" Company, this year our country received from Finland large consignments of sacks, packing boxes for various goods, and other products made of paper and cardboard with a total value of around 65 million rubles. Contracts between "Soyuzkhimeksport," "Soyuzpromeksport," and other Soviet foreign trade associations and the Finnish "Kaukomarkinnat" Company provide for deliveries to the USSR of various chemical commodities and footwear, while the Soviet Union will deliver methanol, dissolvers, and other goods to Finland. Still another contract was signed in Moscow between the All-Union "Eksportles" Association and the Finnish "Finnpap" Company. It stipulates that in 1979 the USSR will receive from Finland 255,000 tons of technical, packing, and printing paper of more than 30 types. "Eksportles" also signed contracts with the Finnish company "Finnbord" and "Finnisel" for the delivery of cardboard and cellulose to the USSR. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 28, Jul 79 p 20] 2959

**CEMA MEETING ON COAL**-- The 53rd meeting of the CEMA Permanent Commission on the Coal Industry was held in the city of Shiofok (Hungarian People's Republic). Delegations from the CEMA countries participated in it. On an invitation from the CEMA Secretariat, a representative from the Secretariat of the UN European Economic Commission took part in the meeting. In order to realize measures in the field of the coal industry which have been included in the long-term special-purpose cooperation programs, the commission ascertained the needs of the CEMA countries and the technical specifications on hard fuel mining and enriching equipment which are being recommended for consideration during the process of deepening and expanding the specialization and cooperation of the production of this fuel until 1990. A CEMA scientific and technical cooperation program until the year 1990 was also adopted in the field of creating new and improving existing methods and equipment in order to ensure the construction and operation of powerful overall-mechanized mines, strips, and enriching mills. This program provides for the joint solution of the most important scientific and technical problems in the development of the coal industry of the CEMA countries whose solution will make it possible to provide for the growing needs of these countries for coke and energy coals, to improve their quality, and to improve working and safety conditions. The commission considered a draft of a cooperation agreement between the CEMA countries in the field of mine rescue work. The agreement provides for mutual assistance in eliminating difficult accidents in mines, and also in organizing cooperation in improving the qualifications of mine rescue teams and in improving their equipment. Results were examined and basic directions were defined in the cooperation of the CEMA countries in the field of creating and introducing automated management systems in the coal industry. The ways and means were mapped out for developing a uniform modified international classification of coals in coordination with the work being done by other international organizations. A number of other questions concerning cooperation between the CEMA countries were also discussed. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 27, Jul 79 p 20] 2959

**CEMA MEETS ON GEOLOGY**--The 37th meeting of the CEMA Permanent Commission on Geology met in the city of Brno (Czechoslovakian Socialist Republic). The meeting's participants heard a report by the chairman of the commission on the 30th anniversary of the Council for Mutual Economic Assistance and the 15th anniversary of the work of the Permanent Commission on Geology and on the further development of cooperation between the CEMA countries in the field of geology. In order to realize the measures on the problems of geology which have been included in the long-term special-purpose cooperation program in the field of energy, fuel, and raw materials, the commission considered the question of extending and partially changing the Agreement on instituting an International Geological Expedition in the Mongolian People's Republic, approved



proposals on organizing cooperation between the interested CEMA countries in carrying out during the years 1981-1985 and until 1980 geophysical and geological survey work for petroleum and gas and other very important minerals, and also proposals on a cooperation program to develop equipment for studying the mineral resources of the world's oceans. Proposals were examined on cooperation to strengthen geological surveying work on the territory of the Socialist Republic of Vietnam through the joint efforts of the CEMA countries and on an intensification of geological survey work on the territory of the Mongolian People's Republic. The commission approved the 1978 work results of the International Geological Expedition in the Mongolian People's Republic and the course of the fulfillment of the work program on creating highly effective equipment for geological surveying work for solid minerals and for hydro-geological research, and also the course of the work in 1978 on topics in the field of geology which have been included in the Coordinated Plan of Multilateral Integration Measures of the CEMA Countries for the Years 1976-1980. Other questions were also considered. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 27, Jul 79 p 20] 2959

CEMA AGRICULTURAL MACHINERY STANDARDS--Extensive work is being carried out in the member countries of the Council for Mutual Economic Assistance on the unification of agricultural equipment. Ten CEMA standards have already been approved. They establish tractor types and dimensions, the safety and hygiene specifications in machines which are being designed, and modern methods of testing output. For example, individual normative documents for tractor diesels contain reliability specifications (diesel potential until the first capital repair of no less than 6,000 hours), materials intensiveness indicators, and others. On 1 January 1979 a CEMA standard for traction classes of caterpillar and wheeled tractors was put into effect. Its introduction serves as a basis for creating the most rational structure for the tractor pool of the socialist countries and ensures a decrease in the amounts of tests in checking the operation of machines with agricultural implements. In addition, conditions are created for ensuring the continuity of previously designed equipment. Before the end of 1980 an additional 38 CEMA standards will be developed for this topic. [Text] [Moscow EKONOMICHESKAYA GAZETA in Russian No 30, Jul 79 p 11] 2959

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## COMMUNICATIONS

### BRIEFS

**AUTOMATED TELEPHONE LINK--Cheboksary, Chuvash ASSR--**A two-way automated telephone link has been established between the capital of Chuvashia and Moscow. It is now possible to call Moscow or Cheboksary subscribers without resorting to the services of telephone operators. All the calculations are carried out by computers. Such a link has been set up between Cheboksary and eight rural rayon centers of Chuvash. [Text] [Moscow PRAVDA in Russian 7 Aug 79 p 3]

**ATS CONSTRUCTION DELAYED--Zhitomir, Ukrainian SSR--**Several years ago the construction of an automated telephone exchange on Vitruka Street was begun in our micro-rayon. In the beginning the work moved quickly, and it seemed as if the building would be ready within 3 to 4 months. But as soon as the builders finished laying the frame, and the tile was put on the walls, all work on the structure stopped. The unfinished structure has been standing 2 years. The tile has come off, and the materials that were left by the builders unattended have been stolen. Meanwhile the inhabitants of the micro-rayon wait until the telephones appear in their apartments. Everything indicates that they will have to wait more than a year. [Text] [Kiev RABOCHAYA GAZETA in Russian 11 Aug 79 p 2]

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## CONSUMER GOODS AND DOMESTIC TRADE

### USSR MINISTER OF TRADE REVEALS NEW DEVELOPMENTS IN SERVICE TO CONSUMERS

Moscow PRAVDA in Russian 22 Jul 79 p 1

[Interview with USSR Minister of Trade A. I. Struyev, by a correspondent of PRAVDA; date and place not given]

[Text] USSR Minister of Trade A. I. Struyev relates how sales personnel, cooks, waiters -- all those who make up the multimillion army of people in the trade vocation -- are preparing for their own vocational holiday.

[Question] It is known that in the last two five-year plans the trade turnover in this sector has doubled and in the past year reached 240 billion rubles. What types of consumer services are being put into practice in the stores and public catering enterprises?

[Answer] In the first place, self-service stores will help the consumer to save time. Everywhere they are gaining firm positions. In 1975 this progressive method of trade was applied in 63,000 state stores and today their number has increased by 10,000.

The modern organization of business, to a great degree, depends on the supply of prepackaged goods. But the demand of the trade for this type of production by enterprises of the meat-milk, food, and fish industry is far from being completely satisfied.

The sales of foodstuffs on the basis of advance orders, which has been organized in almost 10,000 stores of the country, saves considerable time for the consumer. Of these stores 2,300 have order outlets directly at large plants, factories, and construction sites. More than 30 kinds of additional services are rendered to consumers in the Moscow Department Store, the Tallinn House of Trade, the Vinnits Department Store, and the Chelyabinskaya Oblast Trade Center.

The program for improving the standards of consumer services and raising the efficiency and quality of our work has been defined by the resolution of the CC CPSU and USSR Council of Ministers "On Measures for the Further Development of Trade".

As a result of strengthening commercial ties with industry the influence of trade on the expansion of the production of goods enjoying the popularity of the people is becoming greater. For example, in comparison with 1960 the level to which the demand for refrigerators and washing machines is being met has increased almost twentyfold, televisions -- tenfold, radios and parts -- 1.5-fold.

We are concentrating considerable attention on improving the procurement of potatoes, vegetables, and fruit directly at the kolkhozes and sovkhozes. In 1979 it is intended to obtain one-third of all the products sold by us at the farms.

[Question] Is the amount of technical equipment available per worker in the sector increasing?

[Answer] More than 4.3 billion rubles have been expended during the first 3 years of the five-year plan for the purpose of adding to the industrial arsenal of state trade. The trading area of stores has been increased by 2.25 million square meters, the number of seats in public catering enterprises -- by 1.54 million. Work is being accomplished on the program for developing equipment for packaging bread, granulated sugars, groats, and other products into special containers.

But there are many instances of a negligent attitude toward machinery and equipment. At times the installation of expensive equipment drags on for many months, highly productive mechanisms are not always used to their fullest capacity. We recognize: this and other reserves for improving service must be placed at the disposal of the people as soon as possible.

[Question] The operations of a store is evaluated by a demanding judge -- the consumer. Is the opinion of the consumer taken into consideration in summing of the results of competition?

[Answer] The moods of the consumer and the time expended on the procurement of goods, to a great degree, depend on the organization of work and on the skills and qualifications of directors and salespeople. In evaluating their work we attempt to take into consideration not only the fulfillment indexes of plans but also the level of discipline and the morale of the collective.

Any conflict or complaint should be looked at as an extraordinary occurrence. Indeed, we are dealing with a great variety of human tastes and moods.

In 1979 the Soviet people will purchase goods in the state and cooperative trade amounting in value to 251 billion rubles. To skillfully exhibit everything that is for sale and to politely and correctly serve the consumer -- means to approach this matter in a creative manner and to show concern in such a way that the consumer when leaving the store will say thank you from the bottom of his heart.

## CONSUMER GOODS AND DOMESTIC TRADE

### IMPROVEMENTS NEEDED IN STUDY OF CONSUMER DEMAND

Moscow MOSKOVSKAYA PRAVDA in Russian 14 Jul 79 p 2

[Article by P. Krutikov, director of the Department of Methodology in VNIIEK (All-Union Scientific Research Institute for the Study of Consumer Demand and Market Conditions) and A. Yarovikov, director of the Department of Purposeful Commodity-Market Processing in VNIIEK: "Consumer Goods: At the Source of Production"]

[Text] It is necessary to have a specialist to study the demand of the enterprises of the USSR Ministry of Light Industry for each of its 390 services. Therefore, their results do not correspond with the interests of the matter.

On 9 February MOSKOVSKAYA PRAVDA published an article under the title "The Mysteries of Assortment". It drew comments. The workers of the All-Union Scientific Research Institute for the Study of Consumer Demand and Market Conditions (VNIIEK) take issue with some of the statements in the article and are continuing a discussion of the problems raised in it.

Light industry is a sector which finds itself under the constant control of millions of consumers. It literally clothes us from head to toe. Much is being done for the greater satisfaction of the growing needs of the Soviet people. The production of many goods, in which a shortage was experienced not too long ago, has been increased. Fabrics, clothing, and footwear have become more varied, the quality of products has improved; during the first 3 years of the 10th Five-Year Plan hundreds of articles manufactured by light industry have been honored with the pentagon. Many goods produced by Moscow enterprises -- the Sokol Garment Association, the Silk Combine imeni P. P. Shcherbakov, and others -- are by their own right enjoying a good reputation.

But there is still a lack of well-made articles. Their growth is directly proportionate to the growth of consumer complaints.



Leather footwear can serve as a characteristic example. Its production in volume has practically approached the requirements of the market and is constantly increasing. A new production unit, in which more than 4 million pair of shoes will be produced annually, went into operation at the Moscow Zarya Footwear Association. However, inquiries conducted by VNIKS attest to the fact that approximately half of all the consumers of adult and children's leather footwear leave without making a purchase.

Serious complaints can be lodged against the process of renewing the assortment itself. According to official accounts in the textile, knitted wear, sewn goods, and footwear sectors the renewal rate is 60-80 percent annually. However, the actual renewal is significantly lower -- within the limits of 15-20 percent. In practice it frequently amounts to a change of certain secondary articles. Thus, there arises a notorious abundance without selection and the "mysteries of assortment", which cause considerable material loss to the consumer and the state, appear.

The situation which exists today is explained by a complex of objective and subjective reasons. We will discuss only one of them, which in our opinion can be included among the decisive reasons. It is a question of how consumer demand is being studied by the production associations and enterprises of light industry.

Several years ago in the resolutions of the party and the government, aimed at improving the quality and assortment of consumer goods, there were repeated indications that one of the deficiencies in the development of the assortment of goods is the insufficient study of consumer demand. It was proposed to the USSR Ministry of Light Industry that this work be essentially improved.

A number of measures was adopted at that time by the ministry for accomplishing the assigned task. A corresponding order was issued, an organization was formed in the sector for studying demand (it was called VIAlegprom [All-Union Institute of Variety goods of Light Industry and Fashion]), meetings at various levels were held, and beautiful diagrams were drawn. Not on its heels VIAlegprom concluded an agreement with VNIKS for working out a series of instructive-systematic documents.

Today after the passing of several years it is possible to sum up the results. Alas, they attest to the fact that on the whole these ideas that are good in themselves only remain on paper.

By the beginning of 1979 there were 390 services for the purpose of studying demand in the system of the USSR Ministry of Light Industry, which includes 1000 associations and enterprises (in Moscow alone there are 113). The total number of permanent workers in them is 199, that is, a little more than 0.5 specialists for each service.

Approximately 2 years ago the interdepartment council for studying consumer demand examined and approved a typical statute regarding the study of consumer demand worked out by VNIKS for industry, in which the tasks, functions, and structure of the services are precisely defined. It is difficult to concur with the opinion of the authors of the article "The Mysteries of Assortment" that the methodical materials and recommendations addressed to the enterprises are loaded down with theoretical premises and are difficult to understand. On the contrary, they represent a concrete guide to action. In principle, to pose a question concerning the simplification of methods -- means to ensure that work on the study of demand will remain at a low level. One cannot direct one's attention to today's degree of training and qualifications with respect to the cadres of the services.

Now VIAlegprom is working out a sectorial system for the overall study and prognosis of demand. It presupposes the utilization of economic and mathematical analyses. Thus, the complexity of the work in this area is not being diminished at all.

Industry has a need for developing a truly energetic program for studying demand, a program staffed with qualified cadres. Unfortunately, not one single VUZ prepares such specialists. However, the capability of these subdivisions depends to an equal degree (and perhaps above all) on the attitude toward them on the part of enterprise directors. Meanwhile, there is still the assertion that the study of consumer demand is a matter of the trade including VNIKS. In the journal KOMMERCHESKIY VESTNIK (No 4, 1979) in analyzing the successes and difficulties of the Bol'shevichka Association its commercial director in the final count poses with perplexity a far from rhetorical question: "Who should study demand? We?"

Taking advantage of the opportunity we consider it necessary to dot the "i" one more time. VNIKS was established as the leading scientific-research organization in the country for the purpose of studying consumer demand by a resolution of the CC CPSU and the USSR Council of Ministers, it must carry out the methodological management of all scientific-research institutions working in this field. The trading enterprise will ascertain the attitude of consumers toward products they have already manufactured.

The services for studying the demand of production associations and enterprises should conduct continual observations of the development and satisfaction of public demand, study how consumers evaluate the assortment and quality of manufactured goods, and on this basis make known the optimal, functional and esthetic parameters for manufactured goods. Their task is to work out concrete proposals for the rationalization of assortment, the mastering of new products, and putting them into production in accordance with changes in demand. Moreover, the significance of their work increases in proportion to the increase in the saturation of the market with goods, the strengthening of the dynamics of demand, and the increased requirements

of consumers. Consequently, it is necessary to develop and strengthen the services and place their work on a scientific basis. Naturally, it is no use to think that 0.5 specialists can deal with these specifically complex tasks.

But the psychological inertia will not be overcome if economic levers are not put into effect.

In essence, industry today bears practically no responsibility for the final results of its work. The concern of an enterprise ends when the accounts are closed on goods unloaded from the warehouse. The full responsibility for the sale of products lies with the trade, including the commercial risks and explanations to consumers dissatisfied with the assortment and quality of products, for example, from the very same Bol'shevichka Association. The system of orders in trade from the instrument of effect to production is transformed into a peculiar but completely reliable shield for industry and gives rise to such a "philosophy": "I produce that which is ordered, if the product does not sell, this means that the trade has ordered incorrectly".

One can ask -- where is the way out?

In our opinion, the main thing is to fundamentally examine the attitude that has developed in this sector with respect to the study of consumer demand. The experience of the leading enterprises of light industry in Moscow, the footwear manufacturers in L'vov, and the manufacturers of sewn goods in Riga confirms the correctness of this premise.

A review of the planning and economic incentive system in the enterprises of light industry should be considered as another indispensable condition. The indexes characterizing the final results of their operations should direct the attention of the producers toward the maximum approximation of assortment and quality of goods with consumer demand.

We are not offering here any kind of concrete solution with respect to the review of the planning system. This is a large independent problem. However, we are firmly convinced that in a socialist planned economy each "mystery of assortment" should be examined as an extraordinary occurrence and that it is possible and necessary to effectively deal with the problem of assortment on the basis of a comprehensive study of consumer demand in industry and the trade.

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## CONSUMER GOODS AND DOMESTIC TRADE

### STATISTICS CITED FOR DOMESTIC TRADE

Moscow NEDELYA in Russian No 29, 16-22 Jul 79 p 3

[Article: "22 July -- Day of the Trade Worker"]

[Text] More than 9 million people are now employed in the trade sector of the country. The list of consumer goods, being sold in the stores, exceeds 300,000 different kinds. In a single year approximately 80 million purchases are made in the country.

The number of self-service stores in state trade is more than 76,000. There are 292,000 public catering enterprises; more than 100 million now make use of their services (let us remember that in the years of the First Five-Year Plan 13,400 dining rooms, cafes, and snack bars, which served 12 million people were in operation in the cities of the country).

The consumers' cooperative societies, the largest trading organization in rural areas, encompasses more than 64 million shareholders. The plan of consumers' cooperative societies is to construct 2,000 stores, 400 dining rooms and cafes by the year 1979.

Approximately 400 vocational schools, 60 training combines, and 4,500 industrial schools are preparing specialists in the mass trades for the trading sector.

A kolkhoz market, a building of glass and reinforced concrete, was opened to the public in Rovno. It includes auxiliary facilities such as storage rooms, warehouses, and laboratories for kolkhoz workers. Pavilions with a capacity for 160 booths for use in the summer time have been provided next door.

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## CONSUMER GOODS AND DOMESTIC TRADE

### OLYMPIC GAMES MENU DISCUSSED

Moscow OBSHCHESTVENNOYE PITANIYE in Russian No 7, 1979 pp 26-27

[Article by A. Nikashova, deputy chief of the Main Administration for Public Catering of the Executive Committee of the Moscow City Soviet of Workers' Deputies: "The Olympic Menu"]

[Text] In the overall set of problems involved in organizing the food service for the participants in the 1980 Olympic Games an important place is assigned to drawing up the menu. A work group of over 100 persons was established to draw it up at the Main Administration of Public Catering for the Executive Committee of the Moscow City Soviet of Workers' Deputies. It includes leading master-chefs, technological engineers and the directors of enterprises that head the production facilities of the best Moscow restaurants and have a great deal of experience in handling international congresses, symposiums and conferences. Experience in organizing tourist reception and the special features of preparing dishes during summer were also taken into account.

Specialists from the USSR and RSFSR ministries of Trade, the Institute of Nutrition of the USSR Academy of Medical Sciences, the Scientific Research Institute of Public Catering, the USSR Athletic Committee, the Leningrad Scientific Research Institute of Physical Culture, the Olympic Games Organizing Committee and its administrations, the Central Council on Tourism and other organizations took part in drawing up the menu.

Athletic experts, trainers, physicians and other specialists took part in discussing the menu at meetings of the Culinary Council. They contributed many valuable suggestions.

There is obviously no need to go into detail regarding the colossal amount of work that was done. There were many controversies and discussions. The different variants of the future menu and, of course, each dish, were carefully discussed.

The menu used at the preceding Olympic Games at Munich and Montreal was taken as the basis. When formulating the recipes for the dishes, of course,



allowance was made for the multinational mixture of the athletes and the customs and tastes of the people of different countries. Now, one may say, the main difficulties are behind us: the menu has been drawn up and the final variant has been approved by all the organizations concerned and by the Organizing Committee of the 1980 Olympics.

The 14-day menu has 400 dishes and snacks, and not one of them is repeated during this time.

Long-traditional Russian cuisine with its wealth and variety of dishes, sauces and garnishes will be widely represented. Nor for nothing is it celebrated for its great merits. The whole world knows and treasures Russian snacks, particularly the fish, piroshki, open-topped pastries, kulebyaka [meat, fish, vegetable pies], blini and other pastry items, and everyone is familiar with the cabbage soup, rassolnik [meat or fish soup with pickled cucumbers], solyanka [spicy stew] and many other dishes. Soviet cuisine is equally adorned with Ukrainian borshch, Uzbek pilaff, Georgian shashlik, Azerbaydzhan soup, Armenian dolmas and many other superb dishes and snacks of our country's peoples.

The menu for the 1980 Olympic Games is calculated for any taste. Along with kharcho [mutton] soup Georgian style, aza Tatar style and Ukrainian fast-cooked dumplings, there are Hungarian paprikas, beef Jordanian style, Costa Rican salad, chicken stewed in tomatoes Panamanian style, pork with rice and eggs Cuban style and other dishes of the peoples of different countries and continents.

The people who love traditional steaks, fried bacon, boiled chicken and other dishes widespread in the western countries have not been forgotten either. These dishes have all been included in the complete meals.

Several variants of dried rations have been provided for athletes going out for training trips.

In addition, for breakfast, dinner and supper, the athletes will be offered lactic acid products, salads, garnishes, beverages, juices, fruits, vegetables, baked farinaceous items, spices and condiments, etc.--over 100 types.

With all its variety, the Olympic menu meets all the requirements of optimum nutrition and mass service.

#### Menu for One of the Days for the Athletes

Breakfast: sardines; roast brisket of pork; milk soup with pumpkin; grilled ham with tomatoes; boiled turkey; cheese omelette; fast-cooked dumplings.

Dinner: pickled smelt; meat smothered in vegetables; bouillon with croutons; liver puree soup; mutton soup Georgian style; perch cooked in batter;

fillet with tomatoes; steamed mutton; potato loaf with mushrooms and sour cream sauce; apple fritters with powdered sugar; compote of preserved fruit.

Supper: eggs, stuffed with caviar; chicken with fruit; fish soup with open-topped pastries; boiled halibut with pickled sauce; lobster with maifeira sauce; chicken stewed in tomatoes Panamanian style; fried suluguni cheese; steamed bread pudding with apricot sauce.

The calorie count for the day's ration is 4,000-5,000 calories.

During the days of the Olympic Games provision has been made for organizing widescale sale of cold beverages on the grounds of the sports complexes.

The menu for the tourists was made up by estimating for three meals a day, and is quite efficient and varied. The dishes on it also will not be repeated.

An assortment of sandwiches and baked farinaceous items has also been worked out for the visitors at the stadiums and parks during the Olympic Game days. Various cold beverages will be provided for them.

Concern has also been given to feeding the representatives of the mass information media. There will be press-bars, cafes, and restaurants with a free selection of dishes in operation for them.

All of this has been agreed upon with the organizations concerned.

The final versions of the menu for the athletes and press workers are being printed for large-scale circulation and will be sent out to the dining hall trusts and enterprises serving the 1980 Olympic Games, for familiarization and thorough working out of the cooking technique and making up of the dishes.

The training of the chefs, pastry chefs, waiters and other workers has been developed, their professional skill has been improved and their knowledge of sanitation and study of foreign languages has been developed. This work is being done by specialists at educational combines, vocational-technical schools and courses.

It is very important that the preparation of dishes for the Olympic menu also be included in the curriculum of a number of educational institutions. It can be hoped that future cookery specialists will be able to work quickly and excellently, with full understanding of the responsibility and awareness of the fact that the mood of the athletes, tourists and everyone who comes to Moscow will in many ways depend on them.

Specialists from the Main Administration of Public Catering of the Moscow Gorispolkom are giving methodological and practical assistance in mastering the menu to the cooks who will work in the Olympic Village. Processing

charts have been worked out for each dish. The dishes that will be offered to the participants in the Olympic Games are already being included on the menu of the "Moscow," "Rossiya," "Praga," "Slavyanskiy Bazar" and "Tsentral'nyy" restaurants. The guests like them.

The resolution was adopted to approve the Olympic dishes for the Seventh Spartakiad of the USSR Peoples this year.

The cream of the master chefs at the capital's restaurants have been appointed as heads of the dining-hall-restaurant production facilities for the Olympic Village. They have started the finishing work on the dishes for the Olympic menu.

A temporary summer-type public catering enterprise has been opened in Moscow--as a prototype of the future Olympic enterprise. It is operating in accordance with the Olympic menu. Equipment has been installed in it and all the prerequisites have been created for operation and handling tourists. The planners, together with the experienced workers, thoroughly analyze its operation and incorporate corrections and suggestions for improvement. This is another way to avoid errors and miscalculations when handling the 1980 Olympic Games.

The Moscow culinary specialists are certain that the participants in the 1980 Olympic Games will be pleased with our hospitality and our tasty, varied and beautifully formulated food. The Moscow citizens are guaranteeing a good mood for the athletes. This means that new Olympic records are to be awaited.

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## CONSUMER GOODS AND DOMESTIC TRADE

### DEBATE ON SETTING UP COMPANY STORES

#### Typewriter Ribbons, Correction Fluids

Moscow OGONEK in Russian No 44, Oct 78 p 31

[Article by K. Kostin: "That's the Question. What's the Answer?"]

[Text] A Leningrader, N. V. Ivanova, who works at the Izhorskiy Plant imeni Zhdanov, wrote OGONEK a letter with a question we asked the Ministry of Pulp and Paper Industry to answer. The letter's author was answered by them, and that would seem to be the end of it. But when we familiarized ourselves with a copy of the ministry's response, we could only spread our hands in helplessness. The question: when will the stores have 16 mm typewriter ribbon? The answer, from I. P. Tyurin, chief of the ministry's production-technological administration: "In order to increase the production of inking rolls, we have imported special equipment and are renovating an existing production facility. After the renovation is complete in 1978, the inking roll production capacity will have been increased 1.5-fold. However, use of the equipment purchased at full capacity will depend on our being provided with special fabric secured by the 'Soyuz' association from manufacturers of the USSR Ministry of Light Industry."

But what about the 16 mm ribbon? Not a word about it. The reader asks about ribbon, and the administration chief writes about equipment. And he notes that its going on line is still not ensured. The equipment, to judge from the response, was purchased without consulting producers of the special fabrics. So the plans of one ministry were not coordinated with those of the supplier....

But here is an example of a specific, direct response.

OGONEK readers called our attention to the fact that insufficient amounts of new chemicals like "shtriki" [stroke] and correction fluid are being released -- both of which are very necessary to typists. Sovzbytkhim chief V. M. Milakov reports that our publication of this fact was examined and that the magazine was correct and justified in criticizing the association for the lack of certain household products on store shelves. This year, Comrade

Milakov continues, the Mosbytkhim production association has set up the production of "shtrikh" in a polymer package. It will produce 50,000 units in the second half of this year, 125,000 in 1979, and a million in 1980. An experimental production sector has been created to produce the correction fluid. Thirty thousand units will be produced in the second half of 1978 and we plan to increase production to 300,000 units in 1979.

That is how problems are solved when approached in a business-like manner. Well thought-out, without reference to "objective" difficulties. Before, there was nothing to package the "shtrikh" in -- no bottles had been supplied. The suppliers could, of course, have been cited as the problem, and we could have waited.... But also possible was the route the Ministry of Chemical Industry took: it began producing little plastic bottles and pouring the "shtrikh" correction compound in them. Now it is already available in some stores.

But not everywhere. And here is something worth talking about. The demand for small office supplies is high. Plans for producing "shtrikh" and correction fluid are rapidly being augmented. But trade has viewed the new commodity very circumspectly and advertised it modestly. It is to the point to recall that there is not one store which corresponds to the current level of office supplies, and small supplies in particular. Even in Moscow and Leningrad, they have been unable to decide on creating such stores. And so still more trade barriers arise to block innovations....

#### Minpribor Company Stores Authorized

Moscow OGONEK in Russian No 9, Feb 79 p 32

[Article by USSR Deputy Minister of Trade S. Ye. Sarukhanov and editorial comment]

[Excerpts] Regarding the note "That's the Question. What's the Answer?" (OGONEK No 44 1978), we report that, in connection with the limited production of typewriter ribbons, trade organization demand for them has not been met for a long time now. The market resources being allocated by the USSR Gosnab's Soyuzglavbum have not been increased for a number of years and stand at only 32-35 percent of the demand. Work continues on increasing market stocks of typewriter ribbons.

As concerns developing a network of specialized stores, the USSR Ministry of Trade and its local organs are taking steps to expand that network. By CPSU Central Committee and USSR Council of Ministers Decree "On Steps to Further Develop Trade," the industrial ministries whose enterprises produce consumer goods have been instructed to open specialized company stores.

With a view towards assisting the industrial ministries in developing a network of company stores, the USSR Ministry of Trade has developed and sent on for concurrence a draft order defining the list of types of specialized industrial ministry company stores. In particular, the Ministry of Instrument



Making, Automation Equipment and Control Systems, which is the lead ministry for producing office equipment, has been granted the right to open specialized company stores to sell office equipment produced by domestic manufacturing enterprises.

As concerns office equipment company stores, we forwarded this question through the deputy minister of trade to the leadership of the Ministry of Instrument Making, Automation Equipment and Control Systems. Incidentally, it goes to others as well -- enterprises and organizations of 13 ministries produce office equipment in our country. Which of them will be first to concern itself with creating company stores?

#### Office Supplies Stores Slated for Ufa, Yaroslavl'

Moscow OGONEK in Russian No 30, Jul 79 p 8

[Letter to the magazine from B. A. Matkin, USSR Deputy Minister of Instrument Making, Automation Equipment and Control Systems, and editorial comment: 'Will There Be a Company Store?']

[Text] The No 9, 1979 issue of OGONEK continued a discussion begun with the short articles "Haberdashery Embossing" and "That's the Question. What's the Answer." The editors recently received a letter from the Ministry of Instrument Making, Automation Equipment and Control Systems expressing a viewpoint on the questions raised by the magazine. We are publishing that letter in a somewhat abbreviated form.

In executing the CPSU Central Committee and USSR Council of Ministers Decree "On Steps to Further Develop Trade," the Ministry of Instrument Making, Automation Equipment and Control Systems is creating specialized company stores in Ufa and Yaroslavl' to sell office equipment. In accordance with the city ispolkoms in these cities, premises have been allocated for setting up that trade.

A plan has been developed and approved for a company store in Ufa and the necessary capital investments have been allocated for equipping and furnishing the premises.

Similar work is being done in Yaroslavl'.

The All-Union "Soyuzorgtekhnik" Association intends to open stores in the second half of 1979.

However, in connection with the fact that office equipment is produced here by enterprises of several ministries and that specialized company stores are fundamentally new trade enterprises, the attention of the USSR and RSFSR

ministries of trade must be focused on supplying the company stores with all the needed goods produced by enterprises of the various ministries and departments in 1979 and thereafter.

A full assortment of office equipment can be offered in the stores only given the active participation of the USSR and RSFSR ministries of trade and the USSR Gosnab.

It is not clear from B. A. Matkin's letter what goods he is talking about. As we know, office supplies are produced by enterprises of 13 ministries and departments. Can the Ministry of Instrument Making, Automation Equipment and Control Systems store gather under one roof everything needed, from dictaphones and typewriters to fountain pens and card files? If such a store carries only output from enterprises of the Ministry of Instrument Making, Automation Equipment and Control Systems, then logically that would include only typewriters, "flomastery" and fountain pens in the case of office equipment. Would it not be more logical to create office equipment stores in the Ministry of Trade system as well?

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## TRANSPORTATION

### U.S.-SOVIET SHIPPING RELATIONS

Moscow MORSKOY FLOT in Russian No 6, 1979 pp 43-44

[Article by A. Turyanskiy: The Myth of the "Red Threat" to Shipping in the Atlantic]

[Text] As the result of definite positive shifts in American foreign policy at the beginning of the 1970s, rejecting the policy of "cold war" and establishing closer economic ties between the USSR and the U.S.A., an agreement between these two countries was signed in 1972 concerning several matters in maritime shipping. The agreement permitted Soviet and American shipowners to take up active collaboration in shipments of cargoes and thereby to enable the development of a mutually beneficial Soviet-American trade. In 1973 the Baltatlantika shipping line of the Baltic maritime shipping company was opened which operated on the basis of reciprocal foreign charterers from the ports of Europe to the east coast of the U.S.A.

From the beginning of the operation of the shipping line, in order to maintain the stability of the levels of freight rates and to avoid their unjustified reduction, the Baltic shipping company entered into the "48-hour" agreements No 9427 (western direction) and No 9522 (eastern direction) with the other parties, one of whom is the Polish Ocean Line (POL).

The basic idea of the agreement consists of prior discussion of intentions concerning a reduction of freight rates and of revealing the actual merits of such a reduction. Any party to the agreement, prior to lowering a rate, must give 48 hours notice to the other subscribers.

Taking into account the distinct difference in the level of service provided as compared with that of the conference lines, the Baltic shipping company and POL quoted rates 10 percent lower than the conference. However, this difference was not for all kinds of cargoes but only in the case of real necessity that permitted the shipping company and POL to reserve cargoes without serious loss for the conference, the members of which officially agreed to the difference. The principle which is allowed to shippers of quoting different rate levels for different services was officially approved and authorized by the Federal Maritime Commission and

is reflected in the agreement signed in July 1976 in Leningrad by its representative K. Bakke and by the chief of the directorate of foreign affairs of the Ministry of the Maritime Fleet, I. Averin.

Parallel with the foregoing events, a specially constituted committee of the North Atlantic conferences conducted discussions with the Baltic shipping company and the All-Union Association, Sovinflat, on the admission of the Baltatlantika line into the seven North Atlantic conferences and, finally, in 1977 agreement was reached. In two of the seven conferences, the Baltic shipping company entered with the right of a difference in the level of rates, and with a specific severance from the levels set by the forwarding-agents' committees. These steps were directly intended to further the stabilization of the situation in the North Atlantic. Regrettably, the Department of Justice of the U.S.A. did not permit the agreements reached to be put into effect.

At the beginning of 1978 the Baltatlantika line became a member of the South Atlantic-North Europe agreement and successfully cooperates in it with the other operators in the South Atlantic.

In evaluating the situation building up in the Atlantic, first of all, the growth of the activity of new shipping lines outside of conferences should be noted. In only the past year and a half, on the route from Europe to the east coast of the U.S.A., the following new liner operators have appeared:

- |                                |   |
|--------------------------------|---|
| Transfreight Line              | - It has weekly departures of ships with a total capacity of 2040 containers (of the 20-foot size). |
| Star Shipping                  | - It has departures twice a month. The capacity of each ship is from 500 to 1000 containers.        |
| Contract Marine Carriers (CMC) | - It has weekly departures of ships with capacities of 400 to 500 containers.                       |
| Eurobridge                     | - It has two departures per month of ships with a capacity of 310 containers.                       |

Besides these, the most active of the outsiders, such lines as Benk, ABC, and Eurofreight can be mentioned.

In order to consolidate their hold on this route, these lines quote rates 10 to 20 percent lower than the rates of the Baltic shipping company and POL. Such companies as CMC and Star Shipping are quoting "lumpsum" rates for containers that in many cases are 50 percent less than the rates of the Baltic shipping company's line.

Comparing the carrying capacity of these lines with that of Baltatlantika which serves with weekly departures of ships of the Varnemyunde type with a 368 container capacity and the Khudozhnik Sar'yan type with 715 container

capacity, shows clearly that our line's share of shipments in comparison with that of the outsiders and conference lines is relatively small.

The multiplicity of assertions that Russian shipowners are supersaturating the routes and using rates so low as to prevent any private line operator from competing with them does not survive serious review.

At present, not one, but the whole group of outsiders in the North Atlantic quote rates significantly lower than those of the Soviet and Polish shipowners. The claim that Soviet shipping companies operate without profits and without even covering costs solely for the purpose of injuring the foreign trade and shipping of the U.S.A., and for "strategic" conquests, at the very least, is absurd. What then is to be said about CMC and Star Shipping for example, and what purposes are they pursuing?

It would be incorrect to assume that the managements of the largest American and West European companies and also the highly placed public servants of the state agencies do not know the true situation. They are promoting the uproar about the "Russian problem" and the general nervousness to divert attention from what is actually taking place. Behind the talk about "Soviet expansion" and supersaturation of the routes with the tonnage of state shippers, the increase of the liner fleet of the conference operators proceeds unnoticed.

Thus in 1978, according to the journal Containerization International, the largest West German shipping company, Hapag-Lloyd, an operator in the North Atlantic, has doubled the initial capacity of its liner fleet. It should be noted that there also was such a growth of tonnage on the Pacific route between the U.S.A. and South East Asia where Hapag-Lloyd is projecting the image of being a "mere cross-trader." On the route from Europe to Canada and the U.S.A. (to Halifax, New York, and Norfolk) Dart Containerline operates four containerships of the Dart Canada type with a capacity of 1480 containers. Dart Containerline is an international consortium. One-third of its capital belongs to the firms S. Tanga of Hongkong which also is a cross-trader on the North Atlantic route.

Another example is the expansion in the U.S.A. of the forwarding-agent committee of the Seatrain firm, explaining this as the necessity "to fight with the Soviets for key cargoes."

In shipping it is necessary to consider the whole anti-Soviet campaign in close connection with the general political policy of the present administration in the U.S.A. There is a question about the tendency to exert pressure on the Soviet merchant fleet under the cover of slogans about the "Russian threat." The latest unfriendly political act by the U.S.A. in the field of maritime shipping was the adoption by the Congress of a law about so-called "controlled shippers." It was signed by the President on 18 October 1978. One must tell about it separately.



The meaning of the new law, which is a supplement to the law on merchant shipping of 1916, amounts to the following.

The Federal Maritime Commission of the U.S.A. is empowered, unilaterally, to declare the freight rates of lines belonging to state shipowners to be "commercially unsound" and to delay their being put in force for a period of 180 days. The whole charge of a "controlled shipper" may be declared as "commercially unsound." In such a case, the Federal Maritime Commission, giving 60 days notice, has the right to pronounce it null and void. Any new rate, or a reduction of an existing rate can be put into effect, unless the Commission excludes it from this rule, only after 30 days. (Any other "uncontrolled" shipowner has the right to lower his rates after 24 hours.)

It is remarkable that a "controlled shipper" must, himself, demonstrate the "commercial soundness" of his own charges, not the other way around. It is easy to see the discriminatory nature of the new law which places Soviet shipowners at a significant disadvantage in depriving them of the possibility of quoting rates effectively.

In the selfsame U.S.A., many specialists consider the adoption of this law as a direct extension of foreign policy. R. Daschbakh, chairman of the Federal Maritime Commission, describes it as "a shift of world markets from the field of economics to politics -- the predominance of political factors over commercial considerations."

Even more frank statements are being heard -- that if the mutual relations of the USSR and the U.S.A. in 1979 are not changed, then Congress will be obliged to seek ways of conducting a "hard line" in relation to "Soviet interests." In other words, they are again making scarcely veiled threats to use economic leverage to achieve specific foreign purposes.

One is obliged to call attention to the new attempt at confrontation. This step of the administration in the U.S.A. will hardly serve to strengthen Soviet-American relations in the field of maritime shipping. It is obvious also, that the newly-adopted law does not solve the existing problems in the maritime trade of the U.S.A. but, on the contrary, leads to still greater destabilization of the levels of freight rates.

It remains to regret that the practice of exerting economic pressure is being used by the United States of America more frequently, and, now, not only in the field of foreign trade, but also in the field of shipping.

History graphically demonstrates the hopelessness of similar efforts.

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## TRANSPORTATION

### SOVIET SHIPPING CONTAINER CONTROL IN EUROPE

Moscow VODNYY TRANSPORT in Russian 17 Jul 79 p 2

[Article by special correspondent S. Borik (Hamburg) "Pilot of the Container Maze"]

[Text] This floor of the spacious office in the center of Hamburg belongs entirely to the newest "intelligent" machines. They collect and long "remember" a boundless sea of numbers and facts. In the past year almost 152,000 containers, which made 515,217 movements which are recorded in the computer, passed through the system's "memo-y". Sheltered in a corner, the modest telexes with their customary rattle, continue to accept all the new communications at a rate exceeding 2,500 per day from almost all the ports of Europe, the Near and Middle East, and even South East Asia.

The container boom which is enveloping shipping has brought into being not only new branches of industry, but also has required the creation of new forms of cooperation by the different kinds of transportation capable of the door-to-door scheme of cargo delivery. The people here, having equipped themselves with the most modern equipment, are working to organize the cooperation of all firms in such a way that containers will be circulated rapidly and also bring their owners the most profit.

Another no less complex nor important problem is being solved in this office. A container, having been freed of cargo in the depths of Europe, must be sent to where it is needed today, for our foreign trade and shipping lines. At the same time, it is necessary not simply to ship it, but also to calculate promptly the possible costs and to determine the economic advisability of such a movement of it instead of some other one.

These so-called routing activities, says K. Pluzhnikov, the general director of the combined Soviet-German company Transnautik, are only part of the multiplicity of problems of the management and business relationship being solved as a service to Soviet maritime shipping by the company Transglob Container Service, in whose offices we now are.

The activities of Transnautik, which are directed toward improving the servicing of the Soviet fleet abroad, to reducing the layovers of ships and the proportion of their expenses in the ports of the FRG, already have been described in the pages of *Vodnyy Transport* a year ago. Appearing abroad as a commercial association, Transnautik, as also were similar combined companies operating in Belgium and England, was faced with an acute necessity to organize the centralized monitoring of the movements, the makeup, and the repair of the container inventory of the Soviet fleet on the territory of the FRG. Thus arose the subsidiary of Transnautik -- the company Transglob Container Service. One hundred percent of its capital belongs to Transnautik. In order to avoid parallelism and not to create similar companies in other countries, the Ministry of the Maritime Fleet charged Transglob with fulfillment of the function of general container operator in the territory of Europe. As experience abroad accumulated, the activities of Transglob were expanded and they now include also the countries of the Near and Middle East and South East Asia. In the past year the company completed the method of following the movements of containers of all Soviet maritime shipping companies with the exception of those in the Far East.

To illustrate the scale and commercial importance of this work, we will identify just one extremely important fact -- on this day when we were being familiarized with Transglob, there were, under its control, more than twenty thousand maritime fleet containers. At the request of any shipping company, the location and condition of any of them could be reported. On this very day, to the addresses of shipping companies and the Ministry of the Maritime Fleet were sent routine weekly information and statistics for the ports and countries of Europe with lists of the presence of maritime fleet or leased containers with cargoes at the terminals or depots, showing exports and imports separately, showing the senders and receivers, and finally, showing the ones which are empty, damaged, or under repair.

Besides this operational information, Transglob supplies shipping companies with more comprehensive and in-depth statistics permitting the solution of long term planning problems.

The company consists of four divisions. Besides the aforementioned operations and computer divisions, there are the budgetary and accounting divisions says the director of Transnautik, V. Zinov'yev, courteously fulfilling his duty as our guide. This is not by chance because Transglob is not only a general operator. It also is a general coordinator directly connected with large leasing companies having the ability to control movements of containers depending on supply and demand, or to acquire them on short-term lease.

The greatest economic gains can be obtained by shortening the turnaround time for each container. Thanks to the optimal contracts concluded with the combined companies, the most rational service is being made available. The average turnaround time of containers was successfully reduced to the level of that of the most powerful shipping companies working on the same transportation routes as Soviet shipowners.

Major work is underway on the expansion of the use of maritime fleet containers and the reduction of the proportion of leased containers. Transglob, as general operator for this, clearly is using the advantages of the planning of the movements of the fleet adopted in the USSR. On the day of our visit, for example, Transglob knew that there was a surplus of maritime fleet 20-foot containers in FRG ports and an insufficiency in England. On the other hand, there would be a deficiency of 40-foot containers in Hamburg. After a series of quick calculations, a solution was adopted. The next ship from Leningrad must take on eighty 40-foot containers stored at the depot in Stockholm and deliver them to Hamburg. Recommendations follow each other and there can be no doubt that on the next day, the unbalance in the various ports will be adjusted.

While in 1976 the proportion of foreign containers on short-term lease in our different shipping lines amounted to 60 percent; at the beginning of the past year it did not exceed 10 or 15 percent.

On various routes Transglob is conducting a search for resources for lowering the expenses of Soviet shipowners or for containing them at previous levels in the inflationary conditions enveloping the capitalist world. There is strict monitoring of bills coming in from the combined companies, and there is the organization of proper shops for the repair of containers etc. Thanks to these measures, the average cost of repair of our containers in 1978 was almost half of that of foreign shipping and leasing companies.

In addition to that, as was repeatedly emphasized in the conversations with the leaders of Transglob, the company has not exhausted all resources. For example, not all of the possibilities have been used for the further reduction of container turnaround by organizing the mutual exchange of containers between shipping companies. Also there are other resources.

Day and night toil the telexes of Transglob. Data on the growing inventory of containers of the Ministry of the Maritime Fleet of the USSR passes through with a generous flow.

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